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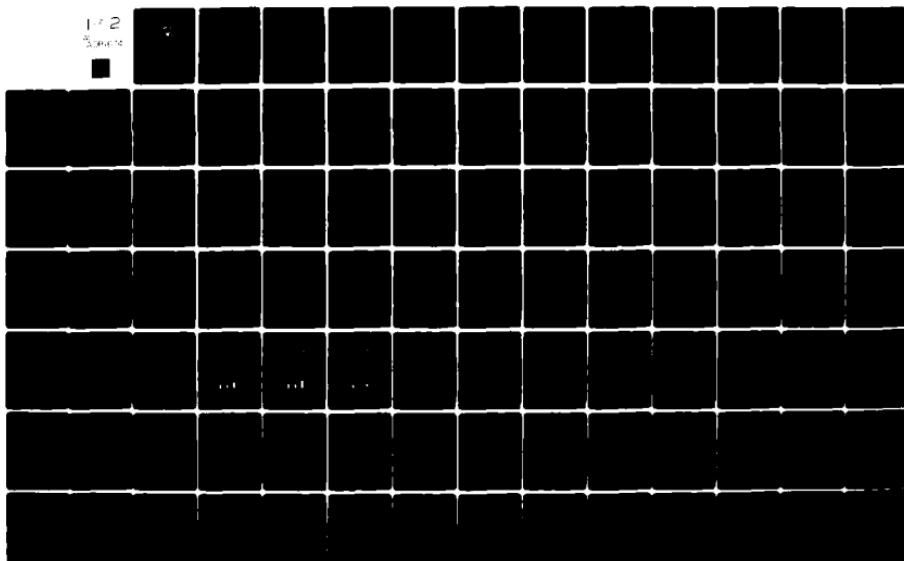
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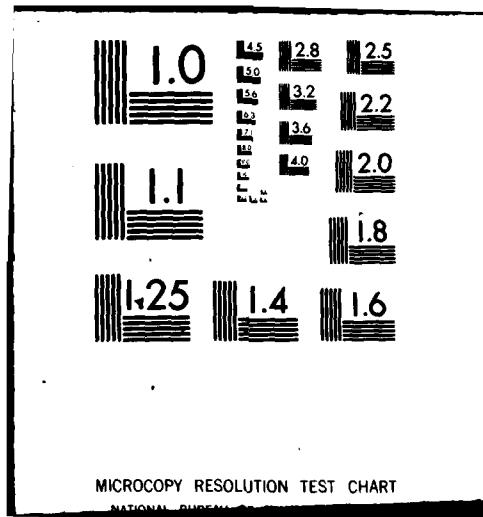
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NAVAL POSTGRADUATE SCHOOL
Monterey, California



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THESIS

A POST-IMPLEMENTATION REVIEW
OF THE
UNIFORM MANAGEMENT REPORT (UMR) SYSTEM

by

James Elburn McCray

December 1979

Thesis Advisor:

R.A. Bobulinski

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#20 - ABSTRACT - CONTINUED

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The conclusions provide management with a picture of the successes and failures of the UMR System as perceived by the user management for which the system was designed. Chapter V contains recommendations to assist management in implementing future financial management information systems (MIS).

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A Post-Implementation Review
of the
Uniform Management Report (UMR) System

by

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Submitted in partial fulfillment of the
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ABSTRACT

This thesis contains the results of a post implementation review of the Uniform Management Report (UMR) System. The UMR System was developed as a means of correcting two serious deficiencies that existed in the area of financial management information and reporting: inadequate funds control status reporting and performance information reporting.

Since the UMR System was directed at improving management reports at the field activity level, data for this thesis was collected from a cross-section of field activity budget directors. The survey data was acquired mainly through the asking of dichotomous questions concerning the utilization of each of the seven system reports. This data, obtained over the telephone, was then compared with written Navy notices; prior educational research on the UMR and other control systems; and other Navy publications in order to compile survey findings and thesis recommendations.

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I. INTRODUCTION

A. GENERAL

Memorandum to the Heads of
Executive Departments and Agencies

Subject: 30th Anniversary of the Joint Financial
Management Improvement Program

Thirty years ago the Executive and Legislative Branches saw the need for a closer working relationship to improve financial management in Government. The advances that have been made since the establishment of the Joint Financial Management Improvement Program and the passage of the Budget and Accounting Procedure Act reflect the efforts of many dedicated individuals. The 30th anniversary of the Joint Program is a timely reminder that significant accomplishments are possible through cooperative efforts without creating new and bigger bureaucracies.

...Every anniversary is a time to look back and a time to look ahead. This anniversary reminds us not only of progress made, but also that improved financial management must be a continuous effort, and one that involves every agency of government. I look to the future with great confidence as we put in place many new innovative techniques to make better use of our resources -- everything from our cash to our human resources. The objectives of the Joint Program are clearly compatible with and reinforce those of my Administration to attain greater efficiency and effectiveness in Government operations. Therefore, I urge all of you to renew your commitment to the Joint Program and to better financial management in Government.

s/ Jimmy Carter [l:ii]

Change in a dynamic and bureaucratic organization the size of the Department of Defense (DOD) or even the Department of the Navy (DON) does not come rapidly; therefore, it becomes increasingly necessary that programs for financial improvement

be well thought out, thoroughly planned and verge on the horizon of tomorrow's technology. In a letter to Navy Financial Managers, the Secretary of the Navy (Financial Management), G. A. Peapples states:

I think we are all aware that these are challenging times for those of us in the financial management arena

The real challenge which those conditions demand is ever more diligent and efficient execution and accounting of Department of the Navy resources. As financial managers, we must continually monitor the progress of program execution as reflected in obligations and outlay performance, and maintain a high level of management attention to timely and efficient program execution. [2:2]

A quick perusal over the large number of background articles on this subject highlights the progress of financial management over the last thirty years and the continuous revisions and search for a system to meet the needs of the managers in the future. The chain of events leading to a more timely system for management of funds began most ostensibly with the advent of electric accounting machine (EAM) equipment. EAM became a common business tool, and was followed quickly by full scale computers. Finally, the sophistication of computer software led to the development of data management systems (DMS) which has substantially reduced the amount of time required to program information systems. Late in the 1960's and early 1970's various computer companies began developing an enhanced DMS which is now referred to as data base management (DBM). DBM is unique in that it provides the user with the capability of accessing the data base without having to use a pre-programmed format.

Within this environment of rapid hardware and software development, the question becomes, what is the Navy doing to specifically meet the challenges of both the President of the United States and Secretary Peapples? And even more important, do the existing programs and those that are now in the process of development meet the criteria as addressed above, i.e., well thought out, thoroughly planned, and on the verge of tomorrow's technology?

Another area of interest is the push being made for uniform accounting systems.

A Presidential memorandum of 28 June 1966 directed all government agencies to give thorough study to new ways in which the computer might be used. The Secretary of Defense further amplified this message by proclaiming that such systems should be fully responsive to management's total requirements and directed the standardization of data systems. [3:8]

More recently, President Carter has called for uniformity in financial systems, and the Congress through its auditing arm, the General Accounting Office (GAO), is requiring conformity to certain pre-established criteria. Furthermore, each new financial program must be approved by GAO before it can be implemented.

B. OBJECTIVE AND SCOPE

1. Objective

The objective of the thesis was to review the utilization of the UMR System from the perspective of the user in order to determine if the implementation of this system has

achieved the goals of improved funds control status reporting and performance reporting. If these goals were not achieved, deficiencies were to be identified and recommendations made for improvement.

2. Scope

The author spent almost four months in deciding what would be an appropriate topic that would talk to this "financial challenge" of the Navy. There were numerous possibilities ranging from a study on how many DON computer systems were using DBM to provide funds administrators with current and germane financial information to a look at the implementation of the Integrated Disbursing and Accounting System (IDA). In the end, it was decided that a post implementation look at a system which celebrates its third anniversary starting in FY 80, the Uniform Management Report System (UMR), would be of value and interest to a broad spectrum of management.

Although the UMR in relation to say IDA is a relatively small program, the Fleet Material Support Office (FMSO) estimated that the development of the UMR System cost approximately \$100,000. The UMR is one system out of four or five that have been or are being developed to provide information on Operation and Maintenance, Navy (O&MN) funding: one must ask is it being utilized?

The author decided to enter into discussions with a cross-section of field activities that would find the UMR applicable. This was done in order to provide insight into

the problems of implementing a major management information system (MIS) such as the UMR, and its post implementation utilization. The reader should remember that the total emphasis of this survey is strictly from the viewpoint of the field activity.

The UMR System was originally projected to be implemented Navy-wide in all activities who had a major part of their budgets funded under the O&MN appropriations. The planning stages for the UMR included input from all major claimants and extensive conferences which were held not only with these major claimants but with many of their field activities. Therefore, as the thesis develops it not only addresses implementation and usage of the UMR, but also the question of the uniformity of its application.

The information collected from this survey was compiled and interwoven with empirical study and will provide some basic premises for implementing future MIS programs. Additionally, attention was directed towards the adequacy of the information provided by the UMR system, and the potential inherent in a system's design that would provide a basis for future improvements and growth.

It is felt that the conclusions drawn by this thesis will in many instances be of assistance in predicting the future of ongoing programs with similar objectives at least in a general sense if not in very specific areas of planning; implementation; information availability and utilization; and program growth.

C. ORGANIZATION

This thesis is divided into five chapters with an appendix of definitions covering the Navy's financial management system's peculiar language. Readers that are unfamiliar with DOD financial vernacular should peruse Appendix A before continuing into Chapter II.

The next chapter contains the background of the UMR System and its interface with the Resource Management System (RMS) and the Authorization Accounting Activity (AAA). Chapter III contains a breakdown of the survey information gathered from a sample of Navy activities that were involved in implementing the UMR System. Chapter IV contains the implications of the survey as it relates to the effectiveness of the implementation, system utilization and prospects of program growth. Chapter V contains recommendations for future financial programs and topics for future thesis research.

II. BACKGROUND

This chapter is divided into three sections. The first section briefly highlights the Department of Defense's Resource Management System (RMS). The second section provides a short narrative on the Authorization Accounting Activities (AAA) which are the organizations that provide the official accounting for field activities during the execution stage of RMS. The final section reviews the development and organization of the Uniform Management Report (UMR) System.

A. RESOURCE MANAGEMENT SYSTEM (RMS) ACCOUNTING

The concept of a UMR System got its start in 1968 with the advent of RMS accounting. The RMS accounting system, founded by Dr. Robert Anthony, was developed as an off-shoot of the Priority Management Effort (Project PRIME). RMS was basically a system for "collecting and processing recurring quantitative information that (1) relates to resources and (2) is for the use of management." [4:D42]

One of the basic precepts of RMS was that military personnel should be costed out and reflected in the annual budgeting process. This concept was completely foreign to the military because military personnel are actually funded with another appropriation not under the control of the activity commanders. Next, RMS called for a split in the appropriation account between procurement costs, which were to be controlled above

the field activity level, and operating costs which, in a theoretical sense, were to be controlled at the field level. This, in essence, ensured that current expenses were not commingled with long term capital investments. Thus, the philosophy was to separate out those costs which could be directly influenced by the manager from those that are not. Finally, RMS required that an activity be charged for resources only at the time of consumption. In order to accomplish this, use of a "seed fund" (the Navy Stock Fund) as a method to hold inventory in suspense was emphasized so that the end user would be charged when the material was issued (e.g., the user received the benefit of the material).

As a tool for classifying the various budgetary levels of each expenditure within the RMS System, an expense account structure was developed. The first broad category is entitled Budget Classification. This two digit code reflects "the primary breakouts of financial data used by financial managers in the budgeting, management, and accounting for expenses and gross adjusted obligations contained in operating budgets and financed by appropriations." [4:C75] This particular code is used to accumulate costs and gross adjusted obligations in the same general categories that the budget is formulated and executed at the DON level. After the expenses are broken down by budget classification, the expense is again divided and refined into functional/subfunctional categories. The functional/subfunctional categories identify why resources are

being consumed. This category is represented by a two digit code (e.g., E1). The first digit is the functional category. The subfunctional category is represented by the second digit. In the example "E1", "E" represents supply operations; and "1" represents general supply operations. The next refinement is that of the cost account. "Cost account codes are established to classify transactions according to the purpose of transactions." [4:C66] For instance, "2110" is used to represent receiving operations. It is said that the cost account is the building block of the budget; thus, when the UMR is discussed the cost account is the primary breakout of the "budget segemnts". Two additional divisions are made in the breakdown. One is by Local Management Codes (LMC) and the second is by expense element. The LMC is a four digit code which can be used strictly at the prerogative of the local activity. Most activities use the code to split out costs along organizational lines (i.e., first digit = department; second = division; third = branch; and fourth = section). The expense element, on the other hand, is a way of separating out what is being consumed (e.g., travel and civilian personnel payroll).

These various categories are used to record and summarize financial and accounting data in the RMS accounting system. Additionally, the RMS network accepts quantitative data on output measures and will compare actual data to planned figures.

It is important to understand all that was contained in the preceding discussion because the UMR draws its data from the RMS accounting system. Since the RMS coding structure is built into the UMR output, the best way to interpret the output is to understand RMS and its system.

Exhibit 1 provides a visual display of how the RMS coding system fits together. Therefore, if an activity's commander requested a breakdown of travel within the command's budget classification of station operations (F3), you could quickly ascertain a number of facts. Block 1 of the matrix provides a grand total for "F3". But if further stratification is required then blocks 4, 7, 10, and 13 continue to refine travel expenses; thus, pinpointing exactly where travel dollars are being spent.

B. AUTHORIZATION ACCOUNTING ACTIVITY (AAA)

The UMR system being analyzed on a macro basis requires a basic understanding of the importance of the AAA and the role it plays in the Navy's financial reporting systems. The AAA is a centralized "official" accounting office for smaller activities. Thus, an activity like the Naval Postgraduate School (NPS), Monterey, California is required to transmit to the AAA, located at the Naval Supply Center, Oakland, California, all of its expense data. This data is then entered into the NPS data base which is used to formulate the official RMS accounting reports, including the UMR for that activity.

EXHIBIT 1
Resource Management System's Coding Structure

	EE (E)	EE (T)	EE (U)
BCC (F3)	1	2	3
FC (E)	4	5	6
SF (1)	7	8	9
CA (2100)	10	11	12
CA (2200)	13	14	15
FC (D)	16	17	18
SF (1)	19	20	21
CA (1A00)	22	23	24

Legend:

- BCC (F3)** = Station Operations
- FC (E)** = Supply Operations
- SF (1)** = General
- CA (2100)** = Storage and Warehouse Operations
- CA (2200)** = Stock Control
- FC (D)** = Administration
- SF (1)** = General
- CA (1A00)** = Command
- EE (E)** = Travel of Personnel
- EE (T)** = Supplies
- EE (U)** = Civilian Personnel

The funds administrator of the AAA should actively be pursuing the fulfillment of the role of accounting officer for each activity for which it is responsible for accounting functions. At the same time one must be cognizant of the fact that this responsibility has its limitation to accounting and payroll support. That is to say, that the AAA should not get involved in other areas of comptrollership functions.

On the other hand, it is important to understand that the field activities, also known as dependent activities, using the AAA all vie for time in the accounting system; thus, many of the unique opportunities available in the UMR System may not always be obtainable because of the workload/scheduling of the AAA (Introduction to Accounting and Budgeting, DON, 1978).

C. UNIFORM MANAGEMENT REPORT SYSTEM (UMR)

The UMR system was initiated by the Navy Comptroller (NAVCOMPT) "to consolidate the two local management reports (Operating Budget/Expense Report, Navcompt Form 2168, and Performance Report, Navcompt Form 2169) utilized by operation and maintenance funded activities operating under the Financial Management of Resources (NAVSO P-3006-1)." [5:36] The report was to supplement the RMS system by providing up-to-date information on variances between planned budget and actual budget for use by the major claimant and the management of the responsibility center (field activity). The idea was to

eliminate manual summarization and compilation of data which is required for decision making.

With these aspects in mind, the Comptroller of the Navy requested that the Chief of Naval Operations designate the Commander, Naval Supply Systems Command (NAVSUP) as the Central Design Activity (CDA) responsible for the development of the UMR system. Thus in 1973, NAVSUP began the ground work to start the project. Between 1973 and 1976, there were various seminars and workshops conducted in order to determine the requirements of the major claimants. In conjunction with these seminars, visits were made to local field activities to determine various local management informational requirements. This all led to a Navcompt Notice 7200 directing the implementation of the UMR system in FY77.

The UMR system has the capabilities of producing seven different reports. The first three reports are funds control reports. These reports display actual obligations incurred against the planned budget. The first report, the Commanding Officer's Summary Report (see Exhibit 2) is a one page synopsis of the activities financial status as of one point in time.

This command review is divided between New Obligational Authority NOA and reimbursables which are then both subcategorized into labor material/other, and totals. These subcategories are then arrayed as follows:

- Total Authorization
- Beginning of Period
- Changes for Period

- Authorizations to Date
- Gross Obligations to Date
- Unobligated Balance
- Unfilled Requisitions/Consignments
- Net Available
- Annual Obligation Plan
- Obligation as a Percent of Plan
- Undistributed Disbursements (End of Period)

The next report is the Responsibility Center Funds Control Report (Exhibit 3) which presents the financial status of the activity in more detail. This report segregates direct funds from reimbursable funds and provides a summary which is detailed enough for the comptroller to find useful in making general checks on the financial position of the command. This review is broken down into the following categories:

- Authorizations Beginning of Period
- Authorizations Changes for Period
- Total to Date
- Gross Obligations
 - Current Period
 - FY to Date
- Unobligated Balance
- Annual Obligation Plan
- Obligation Percent to Plan
- Unfilled Requisitions
- Unreserved Balance
- Undistributed Disbursements

The third funds control report is that of the Department/division Detail Report (see Exhibit 4). This report provides for a detailed listing of transactions by department/division. Since the report actually lists expenditures by document number, department/division bookkeepers should, under normal circumstances, find this report a good summary of expenses. This review is divided between direct funds and reimbursable funds, and then categorized in the same format as the Responsibility Center Report.

The last four reports are performance reports. The reason for four reports vice one report was that during the initial seminars/workshops, it was determined that due to the varying financial management philosophies and hardware capabilities of the field activities that a single report would not be feasible. For example, some claimants track dollars while others rely more on productivity output.

The first report, UMR-A (see Exhibit 5) displays information of primarily a production output measure along with some summarized financial data. The UMR-A displays the following data elements:

Non-Financial

- Daily Average Work Units (DAWU)
- Monthly Work Units
- Backlog
- Production Rate (PR)
- Man-Hours Expended
- Productive Man-Month
 - Civilian Regular
 - Civilian Overtime
 - Military
 - Contract
 - Total
- Planned Yearly Data for those Date Elements Desired

Financial

- Expenditures
 - Civilian Regular
 - Civilian Overtime
 - Military
 - Contract
 - Other
 - Material
 - Total
- Undelivered Orders
- For Current Month Only
 - Gross Adjusted Obligations
 - Commitments
 - Prior Year Expenses

- For Year to Date
- Planned Expenditures as Desired

This report is mainly used by large field activities like Naval Supply Centers.

The second report, UMR B (see Exhibit 6) displays similar information to UMR A except on a more summarized basis. The following data elements are reported.

Non-Financial

- Work Units
 - Actual
 - Planned
- Man-Hours
 - Civilian Regular
 - Civilian Overtime
 - Military
 - Contract
 - Total

Financial

- Same as for UMR-A

This report can be used by smaller activities which place less emphasis on detailed production and personnel staffing.

UMR C (see Exhibit 7) was designed to display detailed accumulated expense data by cost account level. The data displayed in this report includes:

- Consignments
- YTD Actual Man-Hours
- Planned Annual Work-Units
- YTD Actual Work-Units
- Work-Unit Cost
- Planned Annual Expense
- YTD Expense
- Prior Year Expense
- Undelivered Orders
- Gross Adjusted Obligations

This report combines information in NAVCOMPT forms 2168, 2169, and 2171 into a single report.

The last report is the UMR D (see Exhibit 8). This report is basically taking the NAVCOMPT Forms 2168 and 2169 and combining them into one output vice two.

The advantages of these four reports can be summarized as follows:

1. Amalgamates three separate reports into one.
2. This one report contains a number of summarized stratifications not found on other reports (e.g., obligations, production rates, man-months/year conversions, planned workload).
3. Displays year-to-date information on one page for each cost account; thus, eliminating the filing of old reports.
4. Elimination of the maintaining of manual records to record work units and expenses.
5. Saves hours in manual extrapolation of data for statistical/trend analysis.
6. Ability to correct prior month's data; thus, eliminating manual notation of corrections.
7. Mechanized reconciliation of funds control reports with fiduciary reports submitted to higher authority.
8. Ability to select time intervals for report availability.
9. Combining of several EDP software programs into one; thus, freeing up more time for other computer work.

EXHIBIT 2

FUND CONTROL REPORT, COMMANDING OFFICER SUMMARY

(rounded to nearest dollar)

OB/AUTH. HOLDER:	NSC CHARLESTON 00612	AUTH. NO.:	XXXX	PERIOD ENDING: 30 APRIL 1977				PAGE
				(1) NOA		(2) REIMBURSABLES		
LABOR	NAT'L/OTHER	SUBTOTAL	LABCR	MAT'L/OTHER	SUBTOTAL	TOTAL	(3)	
Total Authorization -								
Beginning of Period								
Changes for Period								
Authorizations -								
To Date	800.	600.	1400.	400.	300.	700.	2100.	
Gross Obligations to Date	500.	250.	750.	100.	250.	550.	1300.	
Unobligated Balance	300.	350.	650.	100.	50.	150.	800.	
Unfilled Reqs/Consignments	125.	125.	125.		25.	25.	150.	
Net Available	300.	225.	525.	100.	25.	125.	650.	
Annual Obligation Plan	800.	600.	1400.	400.	300.	700.	2100.	
Obligation as a Percent of Plan	6.1	41%	53%	75%	83%	78%	61%	
Undistributed Disbursements (EOP)					11.			
TOTAL REIMBURSEMENTS EARNED						500		
REIMBURSEMENTS BILLED						400		
REIMBURSEMENTS COLLECTED						50		
REIMBURSEMENTS UNPAID						100		

* Represents a Request for Contractual Procurement.
NAVCOMPT FORM - 2038

EXHIBIT 3

FUND CONTROL REPORT
RESPONSIBILITY CENTER
TOTAL.

OB/AUTH. HOLDER: NSC CHARLESTON 00612

AUTH. NO.: XXXXX

PERIOD ENDING: 30 APRIL 1977						
APPN: 1771804.2372	OB/CHG: 00612	CHG: 00612	CHG: 00612	CHG: 00612	CHG: 00612	CHG: 00612
(1)	(2)	(3)	(4)	(5)	(6)	(7)
BEGINNING OF PERIOD	AUTHORIZATIONS CHANGES FOR PERIOD	TOTAL TO DATE	CURRENT PERIOD	GROSS OBL	ANNUAL OBL	UNFILLED REQS
TOTAL LABOR - DIRECT	800	800	140	500	300	800
TOTAL MAT'L/OTHER - DIRECT	600	600	50	250	350	414
TOTAL DIRECT	1400	1400	190	750	650	1400
TOTAL LABOR - REIMB	400	400	300	300	100	754
TOTAL MAT'L/OTHER - REIMB	300	300	250	250	300	834
TOTAL REIMB	700	700	550	550	150	784
GRAND TOTAL - LABOR	1200	1200	140	800	400	1200
GRAND TOTAL - MAT'L/OTHER	900	900	50	500	400	900
GRAND TOTAL	2100	2100	190	1300	800	2100

UNDISTRIBUTED DISBURSEMENTS \$11

OB/AUTH. HOLDER: NSC CHARLESTON 00612		AUTH. NO: XXXXX		PERIOD ENDING: 30 APRIL 1977					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BEGINNING OF PERIOD	AUTHORIZATIONS CHANGES FOR PERIOD	TOTAL TO DATE	CURRENT PERIOD	FY TO DATE	UNOB BAL	ANNUAL OBL	OBL TO PLAN	UNFULLED REQS	UNRES BAL
LMCXXXI OPERATIONS									
LABOR - DIRECT	200	200	35	35	165	200	174	75	165
MAT'L/OTHER - DIRECT	300	300	25	125	175	300	414	75	100
TOTAL - DIRECT	500	500	60	160	340	500	324	75	265
LABOR - REIMB	200	200	150	150	50	200	754	50	50
MAT'L/OTHER - REIMB	150	150	25	125	25	150	834	12	13
TOTAL - REIMB	350	350	75	275	75	350	784	12	63
TOTAL LABOR	400	400	35	185	215	400	464	87	215
TOTAL MAT'L/OTHER	450	450	25	250	200	450	554	87	113
TOTAL	850	850	60	435	415	850	514	87	328
LMCXXA ADMIN DIV									
LABOR - DIRECT	600	600	105	465	135	600	774	135	135
MAT'L/OTHER - DIRECT	300	300	25	125	175	300	414	50	125
TOTAL - DIRECT	900	900	130	590	310	900	654	50	260
LABOR - REIMB	200	200	150	150	50	200	754	50	50
MAT'L/OTHER - REIMB	150	150	25	125	25	150	834	13	12
TOTAL LABOR	800	800	105	615	185	800	764	85	185
TOTAL MAT'L/OTHER	450	450	25	250	200	450	554	137	137
TOTAL	1250	1250	130	865	385	1250	694	63	322

EXHIBIT 4

FUND CONTROL REPORT

DEPARTMENT/DIVISION DETAIL DIRECT REIMBURSABLE

OB/AUTH HOLDER: NSC CHARLESTON 00612		AUTH. NO: XXXXX		LMC: XXX		PERIOD ENDING: 30 APRIL 1977		PAGE	
APPN#:	1771804-2372	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DOC NO	JOB NO	QJAN HRS	UNFILLED REQS	UNFILLED	ACCT PAYABLE	OB TOTAL	OB AMOUNT	UNOBLG EOP AUTH	UNRES BAL
BALANCE (EOP)				50.00	50.00	25.00	25.00	100.00	33
LABOR						25.00	25.00	100.00	200.00
MAT'L/OTHER								500.00	200.00
TOTAL				50.00	50.00	25.00	25.00	100.00	350.00
<hr/>									
CURRENT TRANSACTIONS									
MAT'L/OTHER		N750MN75RQ12345	750MN543210	50.00	25.00				
		N750MN75MRS0001	750MN124560			25.00	25.00		
SUBTOTAL MATERIAL/OTHER				25.00	25.00				
<hr/>									
LABOR CHARGES FOR THE PERIOD									
REGULAR		234567891054321	750MN3AC1CR	2		20.00			
OVERTIME		234567891054321	750MN3AC1CR	1		15.00			
SUBTOTAL LABOR						35.00			
<hr/>									
BALANCE (EOP)						35.00			
BALANCE (EOP)							25.00		
MAT'L/OTHER								125.00	
TOTAL						75.00	110.00	41	300.00
<hr/>									
* ANNUAL PLAN: LABOR	200.00								
MAT'L/OTHER	300.00								
* THE ANNUAL PLAN IS AN OPTIONAL INPUT. DISPLAY AND COMPUTATIONS IN COLUMNS (9), (10), (11), and (12) WILL APPEAR FOR THE DETAIL LEVEL.									
TO WHICH THE ACTIVITY INPUTS ITS ANNUAL PLAN.									
NOTE: In those instances where this report will exceed available print capability the Unobligated Balance and Unreserved Balance may be moved to the vertical axis and printed showing only the balance as of the end of the report period.									

EXHIBIT 5

UNIFORM MANAGEMENT REPORT - A

00612 NSC CHARLESTON, S.C.		DEPT/DIV:	SUPPLY DEPT - 3	OB:	00612	PERIOD ENDING:	31 MARCH 1977	PAGE
AS SUPPLY OPERATIONS		APRN:	1771804-2372	2122 BULK ISSUE		CIVILIAN OVER		EMPLOYEE VARIANCE
		DAILY WORK UNITS	BACKLOG	MAN-HOURS	M/H FIXED	EXPENDED HOURS	PE REGULAR TIME	MILITARY CONTRACT
	AVE. W/U							
OCTOBER	776	17,075		2.67	6,388		35.8	.5
NOVEMBER	771	16,953	1,562	2.63	6,452		35.2	1.4
DECEMBER	806	16,128	1,239	2.46	6,546		38.9	2.0
1ST QUARTER	783	50,156	1,239	2.59	19,386		36.5	1.2
JANUARY	796	16,708	1,847	2.63	6,350		36.9	.9
FEBRUARY	790	15,809	961	2.59	6,094		36.9	1.2
MARCH	784	16,458	324	3.07	5,368		31.8	.1
2ND QUARTER	789	48,975	324	2.75	17,812		35.1	.7
1ST HALF	786	99,131	324	2.66	37,198		35.8	1.0
YTD	786	99,131	324	2.66	37,198		35.8	1.0
ANNUAL PLAN	820	100,000	175	2.50	40,000		40.0	1.0
OCTOBER	37,511.83	691.23			170.00-	38,093.06		2.23
NOVEMBER	37,233.10	1,064.66				39,237.76		2.31
DECEMBER	36,990.08	2,566.80			310.44	39,867.32		2.47
1ST QUARTER	111,850.01	5,242.69			140.44	117,198.14		2.33
JANUARY	41,216.35	1,247.44			192.40	42,656.19		2.55
FEBRUARY	39,127.53	1,751.89				40,879.42		2.58
MARCH	35,694.16	218.87					35,913.03	2.18
2ND QUARTER	116,018.04	3,218.20			192.40		119,448.64	2.43
1ST HALF	227,853.05	8,460.89			332.84		236,646.78	2.38
YTD	227,853.05	8,460.89			332.84		236,646.78	2.38
ANNUAL PLAN	250,000.00	8,500.00					229,443.73	5.9
GROSS OBLIGATIONS		UNFILLED OBLIGATIONS	REQNS			FIRST & Y EXPENSE	SECOND & Y EXPENSE	
Month	35,805.66	157.24				79.24	28.13	
YTD	236,413.68	329.67				167.18	65.92	

EXHIBIT 6

60087 NAS BRUNSWICK, ME		DEPT/DIV:	STORAGE DIV - 31	OB:	60087	PERIOD ENDING:	31 MARCH 1977	PAGE
A5 SUPPLY OPERATIONS		APPN:	1771804.2372	2141-CARE OF NAVFL. IN STRG.				
REPORT MONTH	MONTH	ACTUAL	WORK UNITS	PLAN	PLAN	CIVILIAN	CIVILIAN	
REPORT		ACTUAL				REGULAR	OVERTIME	
OCTOBER		100		100	100	2,772	50	2,822
NOVEMBER		97		100	97	2,802	20	2,822
DECEMBER		93		100	93	3,022	31	3,053
1ST QUARTER		290		300	93	8,556	101	8,697
JANUARY		92		100	92	2,834	55	2,889
FEBRUARY		84		100	84	2,821	62	2,883
MARCH		81		100	81	2,982	25	2,917
2ND QUARTER		257		300	85	8,547	142	8,689
1ST HALF		547		600	91	17,143	243	17,386
YTD		547		600	91	17,143	243	17,386
ANNUAL PLAN		600		600	18,100	250		18,250
CIVILIAN EXPENSES						MATERIAL	OTHER	TOTAL
CIVILIAN REGULAR						REGULAR	REGULAR	UNFILLED ORDERS
OCTOBER		17,221.29		315.20				17,536.49
NOVEMBER		17,237.75		120.76				17,358.51
DECEMBER		18,306.82		198.69				18,506.51
1ST QUARTER		52,765.86		634.65				53,401.51
JANUARY		19,452.42		350.34				184.14
FEBRUARY		18,837.78		469.29				184.14
MARCH		19,391.79		174.14				198.99
2ND QUARTER		57,081.99		993.77				215.42
1ST HALF		110,447.85		1,628.42				230.23
YTD		110,447.85		1,626.42				241.55
ANNUAL PLAN		125,000.00		2,000.00				228.50
DIR EXP - YTD		110,000.00		1,608.02				204.98
GROSS OBLIGATIONS						UNFILLED REQNS	FIRST P/Y EXPENSE	SECOND P/Y EXPENSE
Month		19,553.54					12.39	
YTD		112,088.98					24.67	

EXHIBIT 7

UNIFORM MANAGEMENT REPORT - C

FROM: NTC ORLANDO FL UIC 65928				TO: NTC ORLANDO FL UIC 65928				(X) COST CENTER				APPROPRIATION:				PERIOD ENDING:			
OB HOLDER: NTC ORLANDO FL				OB GRANTOR: CNTT NAS (MEMPHIS-77)				() RESPONSIBILITY				COST CENTER:				31 MAR 1977			
				MILLINGTON TN				CENTER				CIVILIAN PERSONNEL OFFICE				SUBMISSION DATE:			
				(X) DIRECT				() REIMBURSABLE				REPORTING OFFICER:				25 APR 1977			
BCC	FC	C/A	DESCRIPTION	CONSIGN- MENTS	YTD ACT E/E	YTD ACT MAN HRS	PLANNED ANNUAL	YTD ACT W/U	WEEK UNITS	WEEK COST	UNIT PLANNED ANN EXP	YTD EXP	PRIOR YR (13)	UNDE- LIVERED ORDERS (14)	GROSS ADJ (15)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)					
F3	D1	1010	ADMINISTRATION	E	Q							5235	1979						
F3	D1	1010			T							1491	2671						
F3	D1	1010			U							414	561						
F3	D1	1010			Y							51931	51305						
F3	D1	1010										200	139	13					
F3	D1	1010	COST ACCOUNT TOTAL	1849	5649	2181		2211	25,624	59271	56653	13							
F3	D1	1020	EMPLOYMENT	E								1993							
F3	D1	1020		L								1201	1993	1993					
F3	D1	1020		Q								3494	3148						
F3	D1	1020		T								120	541						
F3	D1	1020		U	18448							118430	140697						
F3	D1	1020		Y								1649	3079	1					
F3	D1	1020	COST ACCOUNT TOTAL		18448	6000		61112	24,509	123593	149804	5142	2						
F3	D1		F/SFC by E/E TOTAL	E								7228	1979						
F3	D1			L															
F3	D1			Q															
F3	D1			T															
F3	D1			U	24097														
F3	D1			Y															
F3	D1		F/SFC TOTAL	1849		24097													
F3	D1		BCC TOTAL	1849		24097													
F3	D1		EXPENSE ELEMENT TOTAL				E												
F3	D1			L															
F3	D1			Q															
F3	D1			T															
F3	D1			U	24097														
F3	D1			Y															
COST CENTER TOTAL				1849		24097													

EXHIBIT 7 (Page 2)

PAGE

UNIFORM MANAGEMENT REPORT - C

FROM:	TO:	APPROPRIATION	FOR PERIOD	SUBMISSION DATE:
NAVAL TRAINING CENTER ORLANDO, FL UIC 65918	COMMANDER, NTC ORLANDO, FL UIC 65918	() COST CENTER (X) RESPONSIBILITY CENTER	1771804.6284	3/31/77

OB HOLDER AND UIC	OB GRANTOR	(X)	DIRECT	COST CENTER	REPORTING OFFICER
NAVAL TRAINING CENTER ORLANDO, FL 32813 UIC 65928	CNT. NAS (MEMPHIS-77) MILLINGTON, TN 38054 UIC 63111	<input checked="" type="checkbox"/>	<input type="checkbox"/>	REMBUR	

EXHIBIT 7 (Page 3)

UNIFORM MANAGEMENT REPORT - C (RECAPITULATION)

EXHIBIT 7 (Page 4)

Y	2104	23553	4410	1482	1482
Z			3804	3804	3804
F1			16029	16029	16029
F2			538581	538581	538581
F3					582
F4					365404
S			469521	538052	469521
N			16029	3780	16029
N			15960	3780	15960
O			406	3979	406
O			582	3979	582
T			314059	2810	314059
T			363958	2256	363958
U			23419	1723	23419
U			29932	970	29932
V			9956	7371	9956
V			7371	132636	7371
W			102213	132316	102213
W				258	
X				1482	1482
X				1482	1482
Y			4410	3804	4410
Y			15960	16029	15960
Z			469523	538052	469523
Z			3780	3979	3780

OPERATING BUDGET/EXPENSE REPORT

UNIFORM MANAGEMENT REPORT - D

FROM: NSC NORFOLK VA TO: COMRAVSUPSYSCOM () CUST CENTER APPROPRIATION: PERIOD ENDING: 31 JAN 1977
 UIC 00189 UIC 000123 (X) RESPONSIBILITY CENTER CUST CENTER:
 REPORTING OFFICER:
 OR HOLDER: NSC NORFOLK VA OR GRANTOR: COMRAVSUPSYSCOM
 UIC 00189 WASHINGTON DC
 UIC 00023

DETAIL	WORK	MAN-HOURS	EXPENSES	COML.	OTHER	TOTAL					
SC	FC	CA	UNIT	MIL	LBR.	CIV.	LBR.	MATERIAL	CONTR.	(11)	(12)
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
F3	A5	21AJ	Receiving Opers.	65,041	25,035	106,834	3,417	10,899	59,535	190,655	
F3	A5	21AK	Incoming Storage	36,709	7,437	21,235			6,212	29,447	
F3	A5	21BA	Light Packing	29,491	16,104	58,081	30,911			33	89,447
F3	A5	21BB	Heavy Packing	7,362	10,029	46,989	44,516			91,585	
F3	A5	21	Direct Productive Expense		58,605	235,139	78,844	10,899	65,780	390,662	
F3	A5	2120	Allocd Relab Cost Cr			235,139	78,844	10,899	345,200-	345,290-	
F3	A5	21	Net Direct Prod Expense						279,510-	45,572	
F3	A2	21AJ	Receiving Opers.		1,213	5,976	11			5,976	
F3	A2	21BA	Light Packing		107	491	53			579	
F3	A2	21BB	Heavy Packing		1,986	9,609	9,492		86	19,167	
F3	A2	21	Direct Relab.		3,306	16,076	9,591		86	26,953	
F3	A2	2121	Allocd Relab Cost Dr.						345,290	345,290	
F3	A2	21	Total Relab.			16,076	9,591		345,376	371,043	
F3	A5	21AJ	Receiving Opers.	65,041	26,248	112,810	3,428	10,899	59,535	156,672	
F3	A5	21AK	Incoming Storage	36,709	7,437	23,235			6,212	29,447	
F3	A5	21BA	Light Packing	29,491	16,211	58,572	30,999		33	89,604	
F3	A5	21BB	Heavy Packing	7,362	12,015	56,593	54,006		36	110,692	
F3	A5	21	Storage Warehouse Opers.		61,911	251,215	88,435	10,899	65,866	416,415	

EXHIBIT 8 (Page 2)

F1	A3	Supply Operations	61,911	251,215	88,435	10,899	65,866	416,415
F1	A3	Undelivered Orders						7,045
F1	A3	Consignments						1,304-
F1	A3	Reimb Undelivered Orders						5,747-
F1	A2	Reimb Prior Year Exps.						25
F1	A3	Mission Operations	61,911	251,215	88,435	10,899	65,866	416,415
F1	A3	Undelivered Orders						1,298
F1	A3	Consignments						1,304-
F1	A3	Prior Year Exps						25
F1	A3	Sub Total F3 Direct	235,139	78,899	10,899	279,510-	45,372	
F1	A3	Undelivered Orders						7,045
F1	A3	Consignments						1,304-
F1	A3	Sub Total F3 Reimb	16,076	9,591			345,376	371,043
F1	A3	Undelivered Orders						5,747-
F1	A3	Prior Year Exps						25
F1	A3	TOTAL F3						
F1	A3	Sub Total Direct	251,215	88,435	10,899	65,866	416,415	
F1	A3	Undelivered Orders						
F1	A3	Consignments						
F1	A3	Sub Total Reimb	16,076	9,591			345,376	371,043
F1	A3	Undelivered Orders						5,747-
F1	A3	Prior Year Exps						25
F1	A3	TOTAL	251,215	88,435	10,899	65,866	416,415	

MINISTERIAL MANGEMENT REPORT - D

PERIOD ENDING: 31 MAR 1977

NAVCOMPT FORM 2169 PERFORMANCE STATEMENT		APPROVAL NO.:
FROM:	SPCC MECHANICSBURG PA	TO: CONNAVSUPSYSCOM
		(X) COST CENTER
		() RESPONSIBILITY
		CENTER
		COST CENTER

OB HOLDER: SPCC MECHANICSBURG OR GRANTOR: COMPANY INC. - WASHINGTON DC
PA UIC 00023 WORK NORM - BACK LOG
W/U

COST CENTER

III. SURVEY AND FINDINGS

This chapter displays information collected during the survey; which will be used as the basis for drawing conclusions and recommendations. This chapter is divided into three sections. The first section describes the techniques used in collecting the data and peculiar problems that had to be resolved. The second section arrays the data into various visual charts. From this data, a number of findings will be enumerated in section three.

A. METHOD

The makeup of the sample selected for this survey was chosen using two methods. The first, a pretest survey, was a "judgement/convenience" sample. Its purpose was to test the schedule of survey questions in order to ascertain if the questions were concise and clearly understood. The pretest also provided feedback to the author concerning whether the survey questions covered the major areas where implementation problems might exist. The procedure involved selection of the closest major Navy areas (e.g., convenience sample), and then from that finite population selection of a number of activities based on their different major claimants and different AAA's (e.g., judgement sample). The second method, the primary sample, made up of on sight telephone interviews, was based on a "stratified/judgement" technique. This was accomplished by dividing the continental United States east from

west. Then, from these two sections, an attempt was made to select a cross-section of activities having different major claimants and different AAA's located in areas throughout the entire eastern and western seaboards including the interior states of Illinois, Tennessee and Louisiana. The total sample included 39 activities consisting of 21 activities from the eastern United States and 18 from the west coast. These activities were located in 14 states and the District of Columbia; they comprised 12 major claimants and 19 AAA's.

The pretest survey was made on a convenience basis because the decision was made to gather the data during actual on-site interviews. By choosing activities close to NPS, the Navy saved on travel dollars. Since the on-site interviews included four major claimants and four AAA's, the author feels there was no detriment to the survey's validity caused by this approach. There were four activities in the on-site pretest survey which included interviewing nine personnel from different system user departments. Based on the information from the pretest survey, the original survey schedule was modified slightly (Exhibit 9) for the start of the primary on-site survey which was undertaken in the San Diego area. This part of the survey included five activities and a total of 19 personnel.

The schedule for the pretest and primary survey was designed with a combination of both dichotomous "yes" and "no" questions and free answer questions. Due to the fact that the pretest and the on-site primary survey were collected during personal interviews, the survey schedule was more lengthy.

The data from the remaining 30 samples was collected using telephone interviews. In order to achieve satisfactory data from telephone interviews, it was necessary to shorten and rephrase a number of questions on the survey schedule [Pfaffenberger, 1977]. Exhibit 11 is a copy of the telephone schedule utilized.

The following paragraphs highlight a few preliminary facts about the sample. These facts will help to set the stage for later discussions concerning the survey findings, the conclusions drawn, and the recommendations enumerated.

Originally there were 40 activities in the sample. From this sample all activities, except four, were very helpful in providing answers for each question on the schedule. There was one Naval Station's comptroller/budget officer who declined to be interviewed which then reduced the working sample to 39. Additionally, there were three activities that were funded by the Navy's Industrial Fund (NIF) appropriation, which were replaced with three O&MN funded activities.

The spread of field activities is proportionately divided in relation to the size of the major claimant and is considered by the author to be representative except for CNET whose total sample size was inadvertently increased due to one Naval Air activity and one Naval Communication activity being training activities vice Naval Air Force Pacific (NAVAIRPAC) and Naval Telecommunication Command (NAVTELCOM) activities respectively. This particular fact is important in light of the Chief of

Naval Education and Training (CNET) actively converting their activities from Uniform Automated Data Processing System (UADPS) programs to Naval Education and Training Financial Management Subsystem (NETFMS) programs vice the UMR. The resultant impact is that out of the twelve activities not utilizing the UMR, four activities (33 percent) are using the NETFMS program as directed by CNET.

Discussion with the comptrollers during the pretest and the on-site visits with San Diego activities highlighted the fact that as a rule the comptrollers did not know enough about the total UMR system to be able to provide a knowledgeable answer to rather basic questions on the utilization of the system. In light of that fact, it was decided that all telephone interviews would be directed towards the activity's budget director.

B. DATA PRESENTATION

The results of the survey are displayed in exhibits 11 through 16. The graphs are organized to reflect the response to the dichotomous questions on the schedule. Survey exhibit 11, as highlighted above, is a simple breakdown of the 39 sample field activities by major claimant. Exhibits 12 through 14 provide an overall response to the schedule, plus, a breakdown by east coast and west coast. Exhibits 15 and 16 will draw your attention to differences in utilization by major claimants.

C. FINDINGS

Section C is subdivided into three basic parts. Subsection 1, UMR Funds Control Reports, discusses the findings of the survey as it relates to the three reports. Subsections 2, 3, 4, and 5 outline the findings of the survey as it applies to the four production reports. Subsection 6 highlights other pertinent findings of the survey. The last subsection reviews five of the major findings.

1. UMR Funds Control Reports

As discussed in Chapter II, the UMR system was developed in two basic sections which are the funds control reports and the production reports. The funds control reports were developed to provide timely information to the three basic levels in a field activity (e.g., the Commanding Officer, the Comptroller, and the Department Director). Since Commanding Officers of various field activities expressed an urgent need for uniform funds control status reports, the funds control reports were implemented in 1975 at UADPS-SP activities one year before the official NAVCOMPT notice was issued implementing the UMR System Navy-wide [Navy Supply Corps Newsletter, Dec. 1976]. The statistical analysis of the survey questions applying to the funds control reports definitely indicates that these reports are not being utilized as delineated in Chapter II. The following findings of the survey will pinpoint the difference between UMR system concept and the realities of everyday use by the field activity.

a. Commanding Officer's Summary Report and the Responsibility Center Funds Control Report

Out of the five activities (19 percent of sample) that received the Commanding Officer's Summary Report and the Responsibility Center Funds Control Report, the survey showed that only four activities were utilizing the Commanding Officer's Summary Report. Further, only three activities were utilizing the Responsibility Center Funds Control Report. Out of the four activities which were utilizing the Commanding Officer's Summary Report only one activity actually was forwarding it to the Commanding Officer. In addition, those activities utilizing these two reports unequivocally endorsed the following two advantages: (1) tracking budgets to plan both at the activity and department level and (2) identifying possible trouble spots requiring management attention.

The survey highlighted a tendency of budget directors to feel uneasy about the accuracy; thus, the reliability of the overall system. This general sense of doubt was stated more precisely by six of the 27 activities using the UMR System. They listed the following concerns. Two activities claimed that prior year expenditures were being deducted from the gross obligations column of the current year. Two other activities were concerned that obligations made against the stock fund, when the item in inventory was not-in-stock (NIS)/Not-carried (NC), were not visible until at such time that the material was dropped from inventory. This area was felt to

substantially understate "Gross Obligations" and thus adversely impact on the use of the funds control reports as a means of tracking the current financial position of the activity. One activity was concerned that the system was not tracking commitments accurately, and one activity was concerned with how the system was separating labor costs into its various categories. All six activities discussed their concern about whether each transaction, be it either material cost or labor costs, was being reflected in the correct category (e.g., commitments, undistributed disbursements, obligations, etc.).

Finally, the survey found that one major AAA which was accounting for 41 O&MN activities had not debugged the Commanding Officer's Summary Report. Additionally, the organization appeared not to have any knowledge of the Responsibility Center Funds Control Report; thus, eliminating the possibility of the 41 activities receiving this report.

b. Department/Division Detail Funds Control Report

The final funds control report is the Department/Division Detail Funds Control Report, or now what is known as a transaction ledger. It was found that this ledger was a valuable tool in the budget shop for all activities on the system except for one activity which stated that it was used in the financial branch. On the average, this report was being received three to four times per month. Even though the report was originally developed to be used by departments, it was found that only 22 percent of those activities on the

system were actually forwarding the ledger to the activity's departments. Although the telephone survey did not include user departments, it was found that during the pretest survey that one functional department which received the transaction ledger found it of benefit in tracking their requisitions.

The biggest problem concerning the ledger was that after the requisitioned item was consumed it dropped off the report. Therefore, it was necessary to retain all past reports; thus, necessitating a number of filing cabinets. As reports continue to accumulate during the year, the time required to research any particular requisition increases at an ever increasing rate. Although this might be considered to be a very minor frustration, it nevertheless points out a failure of the system in meeting one of its primary goals of reducing the necessity of filing past reports and thus the inherent research and man-hours involved in finding data.

2. UMR A Production Report

The four reports that as a general rule comprise what most people consider the "UMR" are the UMR A, UMR B, UMR C, and UMR D. As exhibit 16 shows, all reports are being utilized to varying degrees except the UMR B. The UMR A had 100 percent utilization by NAVSUP activities in the survey. As depicted in exhibit 16 all NAVSUP activities were distributing this report to departments and divisions. From the survey results it was very evident that the UMR A was a well used document. After lengthy conversations with various department

and division directors, ranging in rank from captain to lieutenant, it was soon apparent that all levels within these commands had an intricate knowledge of the UMR A and how it was being utilized in their respective organizations.

As to UMR A's utilization by the NAVSUP activities in the survey, it was determined that the production information was most important to the user. It is realistic to conclude that the financial section of the UMR A is of little value at the user level. This is because the department does not track labor dollars; and the delay built into the system, as discussed later in the chapter, invalidates the reports in non-labor obligations over short time frames. Although, in the budget division, this information was used to estimate pricing for Foreign Military Sales (FMS); prorating administrative overhead to FMS sales; allocation of Automated Data Processing (ADP) services; and reconciliation of labor costs and other one-time special projects.

Telephone interviews highlighted the following problems with the UMR A: (1) The report does not provide NOA figures. Although at the department level this category is not of great use, at the budget division this particular category is of value in tracking obligations against the available funds. (2) From the five department/division directors that were interviewed, there was an across-the-board belief that the UMR A should be available more often than once-per-month. Normally, the report is received two weeks after the end of

the month. This delay impairs its usefulness as a management tool. (3) Although it is publicized that the UMR system was developed with the idea that incorrect entries could be backed-out of the system and corrected data inputted, the survey results pointed out the difficulties in making such corrections.

3. UMR B Production Report

The UMR B was designed for use by smaller activities whose mission was of a production nature, but which did not require the amount of production information available with the UMR A. It was found that no activity in the survey used the UMR B as their primary report. However, it was found that a few west coast air stations, which were provided with the option of receiving more than one report, were using the UMR B to gather data required for a PACFLT production report.

4. UMR C Production Report

UMR C, the third report in the production series, was utilized more than any of the other production reports. This would seem reasonable considering it is the only report in the series that brings together all of the budgetary data available on the NAVCOMPT 2168, 2169, and 2171, into one consolidated output. Out of the activities using the UMR C, 27 percent use it only for historical reference during the budget preparation cycle. The major reason causing this limited use was the untimeliness of the report. That is to say, the report is not available until the second or third week after

the close of the business month. A majority of the sample respondents considered this to be an undue lag built into the system. This lag is caused by the amount of time that passes between the transmittal of expenditure documents to the AAA and the time that it is received, key punched, and then inputted to the financial files. This could mean that upwards of four to five days of expenditure documents are not visible until six weeks after the date on which they were originally transmitted.

Another implication which surfaced during the survey was that there were not adequate verification checks made on the keypunch output from the expenditure documents. During the interviews the respondents noted that it was not unusual to have to take corrective action on erroneous inputs.

Although not on the survey schedule, it was noted that two out of four activities using the UMR C were not entering the planned expenditure data as they considered it to require an inordinate amount of man hours. Additionally, it was noted that there continued to be changes in parts of this data throughout the fiscal year and that updating could become a time consuming task.

On the other side, the 11 activities who found the UMR C to be of practical use insisted that the report was a success in helping the budget division to perform its job. It was pointed out that its usefulness lie in the following areas:

(1) monitoring of undelivered orders; (2) collection and

evaluation of manhours and work units; (3) reconciliation of memorandum records; (4) tracking of labor costs; (5) congressional inquiries; (6) accumulation of data for various special internal projects; (7) tracking departmental budgets based on their planned projections; and the most recurring descriptive word used was (8) "control."

Unfortunately, this was not the picture portrayed at the department level. It should be noted that only 47 percent of the activities receiving the UMR C distribute it to departments as depicted in exhibit 16. Although the majority of the respondents were with budget directors, it was not uncommon for the directors to state that their belief, based on comments from department personnel, was that the report was too complicated for use at the department level. One of the departments interviewed, a Naval Air Station Supply Department, filed the UMR C for use only during budget submission. Additionally, a budget clerk interviewed, who had previously worked in the budget section of an air station supply department, stated that it was not utilized except for budget submission. It was generally felt that departments are more interested in tracking the expenditure of funds by locally developed job order and cost account rather than functional/subfunctional codes and expense elements. Based on the survey, the author calls this effect the "macro stratification of financial information while the job order is the micro stratification of financial information." Thus, instead of the UMR C

being distributed to departments for their direct use, it is utilized to extract information for a "feeder report" for each department. Exhibit 17 provides an example of a locally developed feeder report.

5. UMR D Production Report

The second most utilized production report is the UMR D with seven activities out of 27 using the report. The most common complaint from these activities was that this report did not track NOA. In each case when the question of using the UMR C, which does provide NOA, was mentioned to the budget director, it was noted that the director was not aware of this option. There was only one activity out of the pre-test and on-site interviews which was using the UMR D. This activity requested that copies of the available reports be left for investigation. After a brief description of the UMR C, the activity's comptroller stated the activity would pursue the possibility of getting the UMR C from the local AAA. It was also found that when the remaining activities were told about the UMR C option, they also seemed to be interested in that option.

6. Miscellaneous

a. Although IDA was not a major part of the survey, it continued to surface during almost every interview. Because of the direct impact that IDA will have on the accuracy and timeliness of the UMR system a very quick, and admittedly superficial, look was taken of the IDA prototype project taking

place in the San Diego area. The following aspects of the IDA system will undoubtedly impact on the future of the UMR system: (1) The ability of the user to directly input expenditure data via a Cathode Ray Tube (CRT) and immediately receive feedback on errors and make instant correction; thereby creating a data file that should reflect a correct day-to-day funding position for the field activity. (2) Although the IDA system's software is being constructed in a Data Base Management (DBM) mode, it was found that the system had only a partial DBM capability in that data, such as production information and summarization of cost account data, was impossible to retrieve using the IDA CRT options. (3) The Responsibility Center Funds Control Report was not provided for in the IDA options.

b. Out of the 12 activities that were not on the system, three activities were in the process of converting from a manual system to the UADPS-SP programs and will ultimately implement the UMR system; one activity had limited computer capability and was using the Management System Development Office (MSDO) system; one activity's AAA was not capable of running the system; and the remaining activities were CNET field activities. One air station activity, presently converting to UADPS-SP programs provided the author with a list of all the report options that were made available by the AAA. It was noted that both the Commanding Officer's Summary Report and the Responsibility Center Funds Control Report were not listed.

c. Finally, with the number of CNET activities contacted there became a growing interest, on the part of the author, in the NETFMS program. The following facts emerged from the telephone interviews concerning the features of the NETFMS program: (1) The program is completely a DBM system, (2) The program contains all of the reports that were being satisfied outside the official management reporting systems (e.g., Housing Cost Report, Flying Hour Cost Report, Utilities Cost Analysis Report, etc.), (3) The system contains the UMR C and D but it does not contain any production oriented reports as detailed as the UMR A and B. Additionally, the NETFMS program does provide for a report for both the Commanding Officer and the Comptroller, but in different format than the UMR's reports.

7. Recapitulation

The preceeding findings can be summarized as follows:

- a. Limited knowledge by field activity comptrollers concerning the UMR system.
- b. Limited knowledge by field activity budget directors concerning the funds control report options.
- c. Limited use by departments of both the Department/Division Funds Control Report and the UMR Production reports.
- d. Limited knowledge by smaller activities of the UMR system and the report options.
- e. Limited instruction of any type concerning the UMR system and its uses.

Exhibit 9
UMR QUESTIONNAIRE

ORGANIZATION _____ RANK _____
DEPARTMENT _____ MAJOR CLAIMANT _____ AAA _____

1. IS THE COMMANDING OFFICER'S SUMMARY REPORT UTILIZED? BY WHOM? IF NOT, WHY NOT?

2. ARE THE RESPONSIBILITY AND DEPARTMENT FUNDS CONTROL REPORTS UTILIZED? IF SO, DO THEY MEET ALL OF YOUR INFORMATIONAL NEEDS? IF NOT, WHY NOT?

3. IF YOU USE THE FUNDS CONTROL REPORTS, HOW OFTEN DO YOU RECEIVE THEM (I.E., WEEKLY OR MONTHLY)? WOULD A WEEKLY REPORT BE OF ANY VALUE AS THE FISCAL YEAR DRAWS TO A CLOSE?

4. ARE YOU USING MEMORANDUM FUND CONTROL RECORDS? IF SO, WHAT ARE THEY AND WHAT ADVANTAGE DO THEY PROVIDE THAT IS NOT INCLUDED IN THE UMR FUNDS CONTROL REPORTS?

5. IS IT SOP TO RECONCILE YOUR MEMORANDUM FIDUCIARY REPORTS WITH THE FUNDS CONTROL REPORTS? IF SO, WHAT IS THE OUTCOME?

6. HOW DOES THE FUNDS CONTROL REPORTS COMPARE WITH THE USE OF THE RMS REPORTS (2168/69/71)?

7. DO YOU USE SPECIAL LMC'S TO HELP YOU MONITOR PTS OF MONEY WHICH HAVE SPECIAL RESTRICTIONS (I.E., MRP)?
8. ARE THE UMR-C RECAPS OF ANY VALUE? WHICH ONES ARE UTILIZED? WOULD A CHANGE IN FORMAT BE OF ANY VALUE?
9. DO YOU SEE ANY VALUE IN UTILIZING THE UMR FOR BUDGET FORMULATION AND STATISTICAL ANALYSIS?
10. DO YOU FIND THAT YOU HAVE TO MANUALLY EXTRACT DATA FROM THE UMR THAT SHOULD BE PROVIDED IN THE UMR FORMAT?
11. AS A LINE MANAGER, DO YOU FEEL THAT THE PRODUCTION REPORT SECTION OF THE UMR IMPACTS ON YOUR DEPARTMENT BUDGET? IF SO, TO WHAT EXTENT?
12. DO THE UMR WORK UNITS APPEAR TO REFLECT THE MAJOR PART OF USED MAN-HOURS PER COST ACCOUNT?

Exhibit 10

ORGANIZATION _____ RANK _____

DEPARTMENT _____ AAA _____

MAJOR CLAIMANT _____

1. IS THE COMMANDING OFFICER'S SUMMARY REPORT UTILIZED?
____ YES ____ NO BY WHOM?
2. IS THE RESPONSIBILITY CENTER FUNDS CONTROL REPORT (UG 31)
UTILIZED? ____ YES ____ NO COMMENTS:
3. IS THE DEPARTMENTAL FUNDS CONTROL REPORT ()/TRANSACTION
LEDGER UTILIZED? ____ YES ____ NO COMMENTS:
4. HOW OFTEN DO YOU RECEIVE THE FUNDS CONTROL REPORTS?
____ TIMES PER MONTH
5. IS IT SOP TO RECONCILE YOUR MEMORANDUM FIDUCIARY RECORDS
WITH THE FUNDS CONTROL REPORTS? YES ____ NO
HOW FAR OFF ARE THEY ON THE AVERAGE? _____
6. WHICH UMR REPORT DO YOU UTILIZE?
UMR A UMR B UMR C UMR D
UGM _____ UGM 8 _____ UGM 4 _____ UGM _____
7. DO DEPARTMENTS GET A COPY OF THE UMR?
____ YES ____ NO COMMENTS:
8. WHAT IS THE UMR USED TO ACCOMPLISH?
9. DO YOU FIND THAT YOU HAVE TO MANUALLY EXTRACT DATA FROM
THE UMR THAT SHOULD BE PROVIDED IN THE UMR FORMAT?

COMMENTS:

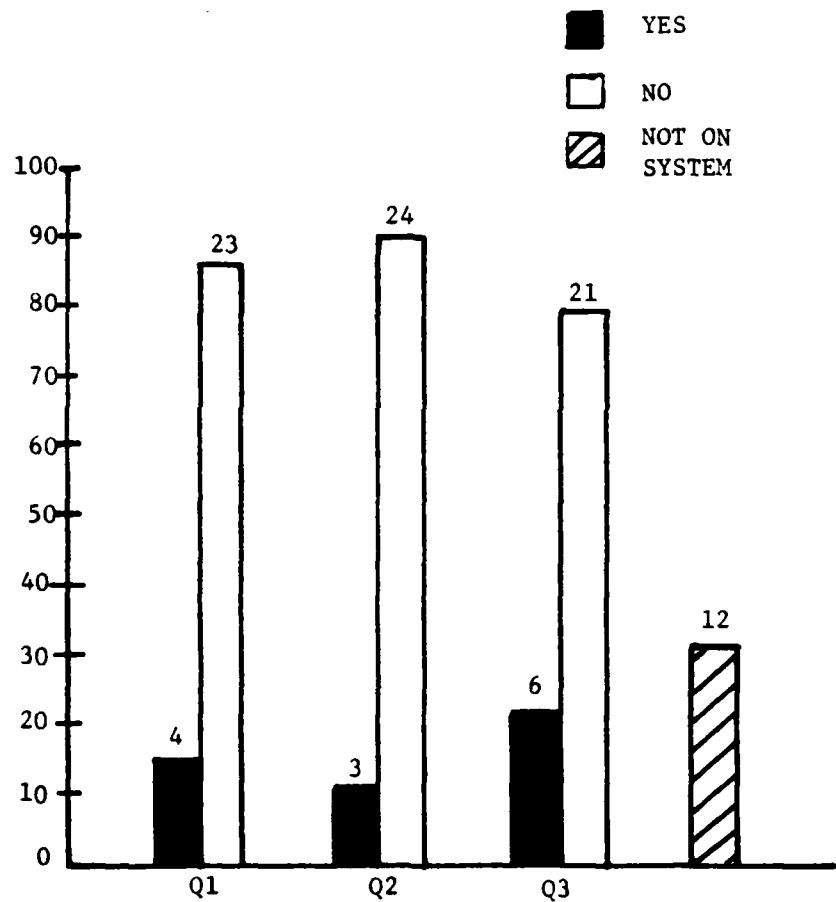
Exhibit 11

SURVEY BREAKDOWN BY MAJOR CLAIMANT

NAVAIRPAC	4
NAVAIRLANT	5
CNET	6
NAVTELCOM	3
NAVSECGRU	1
CINCLANTFLT	3
CINCPACFLT	3
CNO	5
NAVSUP	5
BUMED	2
CNR	1
SUBLANT	<u>1</u>
Total Activities	39

✓ * For list of acronyms, see Appendix B

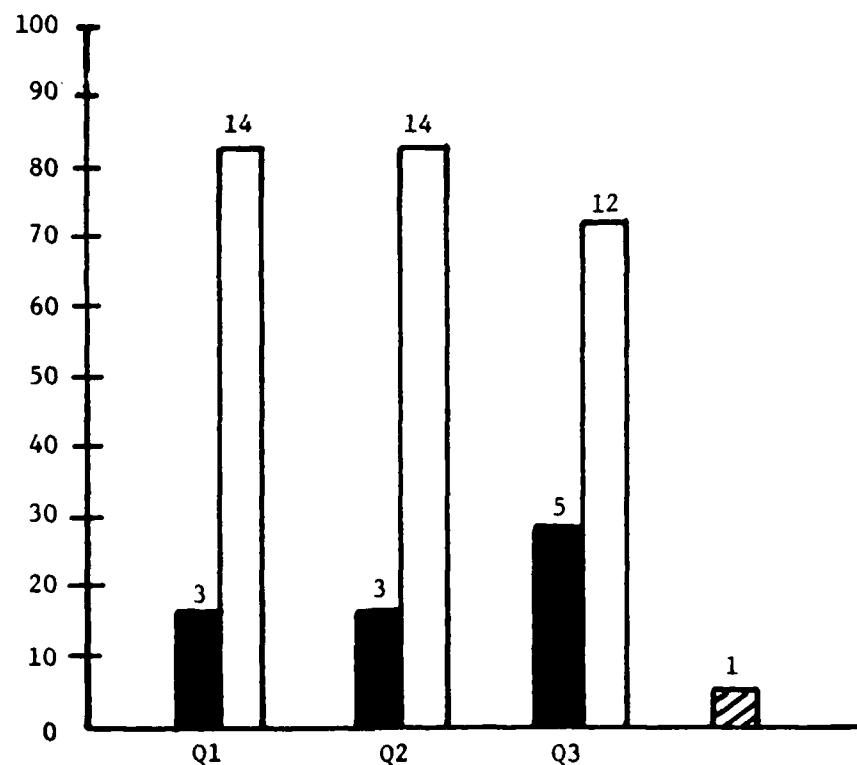
EXHIBIT 12
TOTAL SURVEY STATISTICS



- Q1. Is the Commanding Officer's Summary Report Utilized?
- Q2. Is the Responsibility Center Funds Control Report Utilized?
- Q3. Is the Departmental Funds Control Report Distributed to Departments?

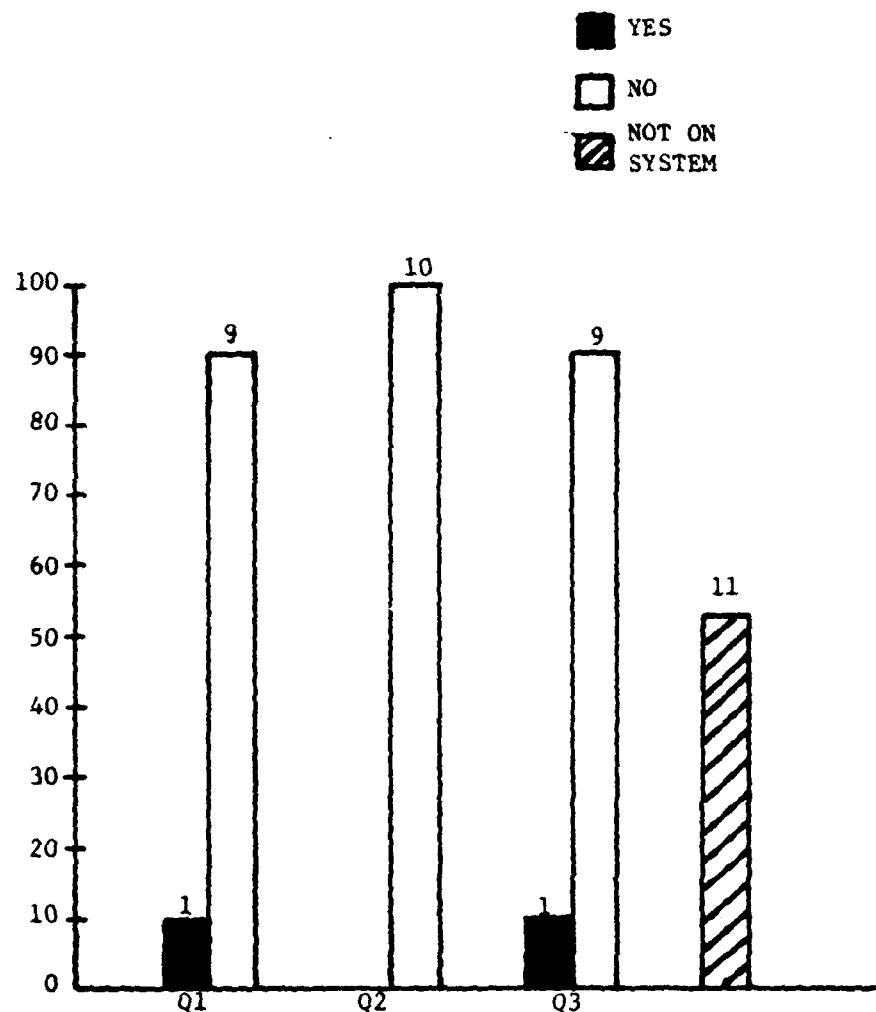
EXHIBIT 13
WEST COAST STATISTICS

■ YES
□ NO
▨ NOT ON
SYSTEM



Q1. Is the Commanding Officer's Summary Report Utilized?
Q2. Is the Responsibility Center Funds Control Report Utilized?
Q3. Is the Departmental Funds Control Report Distributed to Departments?

EXHIBIT 14
EAST COAST STATISTICS



- Q1. Is the Commanding Officer's Summary Report Utilized?
- Q2. Is the Responsibility Center Funds Control Report Utilized?
- Q3. Is the Departmental Funds Control Report Distributed to Departments?

Exhibit 15

Survey Statistics by Major Claimant

NAVAIRPAC	2/4	2/4	4/4	
NAVAIRLANT	0/2	0/2	2/2	3
CNET	0/2	0/2	0/2	4
NAVTELCOM	0/2	0/2	0/2	1
NAVSECGRU	0/1	0/1	0/1	
CINCLANTFLT	0/3	0/3	0/3	
CINCPACFLT	0/3	0/3	0/3	
CNO	1/4	1/4	1/4	1
NAVSUP	1/5	0/5	5/5	
BUMED				2
CNR				1
SUBLANT	0/1	0/1	0/1	
	Q1	Q2	Q3	NOS *

- Q1. Is the Commanding Officer's Summary Report Utilized?
- Q2. Is the Responsibility Center Funds Control Report Utilized?
- Q3. Is the Departmental Funds Control Report distributed to Departments?

3/4

Number of activities using UMR System
 Number of activities answering "Yes"

* Not on system

Exhibit 16

Production Report Utilization by Major Claimant

Q1 = Activities answering "Yes" to Question 1

			4		4	
AIRPAC			4		4	
AIRLANT			2		2	3
CNET			2		0	4
NAVTELCOM			2		0	1
NAVSECGRU				1	0	
CINCLANTFLT			1	2	0	
CINCPACFLT			1	2	0	
CNO			2	2	1	1
NAVSUP	5				5	
BUMED						2
CNR						1
SUBLANT			1		0	
	UMR A	UMR B	UMR C	UMR D	Q1	NOS*

Q1. Is the Production Report distributed to Departments?

* Not on System

EXHIBIT 17

NOA SUMMARY STATUS REPORT			For Period Ending 6-30-79															
Category	Item	Description	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
01	TAK	Inventory	To Date	Obligations	Cost	Actual												
01	01	Inventory	To Date	Obligations	Cost	Actual												
14	P	Maint Com																
14	P	Pur/Svc/Oth																
	T	Supplies																
	Y	Printing																
14		TOTAL																
04	D	Maint Rep																
	E	Travel																
ADCOM	E	Travel																
	S	Travel/Rent																
	W	Equip/Rent																
	P	Stant Com																
	P	Pur/Svc/Oth																
ADCOM	Q	Pur/Svc/Oth																
	T	Supplies																
	U	Labor																
ADCOM	U	Labor																
	W	Equip																
ADCOM	W	Equip																
	Y	Printing																
04		TOTAL																
DI		TOTAL																

NOTE: CUM OBL includes _____ PENDING

IV. CONCLUSIONS

Chapter IV provides conclusions with respect to three different but overlapping areas. The first section will address whether the UMR system was thoroughly planned to meet not only its goals, but was it also planned to be a responsive MIS for the funds administrator. The second area will discuss the implementation of the system and provide an appraisal of its adaptation. Finally, the third section will discuss the various aspects of the system's growth.

A. GENERAL

From the beginning, the author stated that it was increasingly necessary that programs for financial improvement be well thought out, thoroughly planned and verge on the horizon of tomorrow's technology. Based strictly on the data displayed in Chapter III, the author concludes that the UMR system fell somewhat short of this mark in the following areas:

1. It was absolutely impossible for the system to meet one of its major goals, as discussed in Chapter II, which was the minimization of memorandum records. This was due to the inability of the system to remain current on a daily or even weekly basis. The system of transmitting financial documents via any means other than real time precludes the UMR system from remaining current, and thus replacing in-house records. The author believes that, because of the legal

implications of funds administrators, activities will have to be completely convinced that the system will remain up-to-date before they will relinquish memorandum records. IDA, when fully implemented, is aimed at obviating the necessity of memorandum records, at least at the responsibility center level. It should be noted that in most cases the cost center will not have direct access to its financial data base at the AAA; thus, it is expected that the cost center will continue to maintain memorandum records for a long time to come.

2. Timeliness and accuracy should be a primary goal of an MIS system, especially if it is concerned with financial accountability [Introduction to Accounting and Budgeting, DON, 1978]. The UMR system was ahead of its time with respect to these two important variables. This was due to the fact that real-time configured programs were in the planning stages and when implemented would be expected to resolve these two problems. As stated above, the system for providing input into the AAA precluded any chance of the UMR remaining either timely or accurate. Additionally, the system of batch processing input data using key punched cards and then correcting any errors created during the input cycle on a batch mode is time consuming. The resultant effect is the slowing up of the updating process. Both the methods of transmitting expenditure data to the AAA, and batch processing the input into the computer adversely impacts on all reports provided by the UMR system.

Those 11 budget directors, or 41 percent of the activities on the system, who stated that the UMR reports were used

strictly as a historical tool in preparing the budget, seemed justified in reacting to the system the way they did. When a new system that is expected to provide visible relief in reducing the workload (whether a stated goal or not) turns out to be unreliable in the eyes of the user, the author feels it is then not unreasonable for managers to acquire a less than positive attitude. It becomes incumbent on the CDA's to thoroughly train users in the application of new financial systems. Without thorough pre- and post-implementation training the system loses its creditability and will tend to fall into disuse [EIN-DOR, 1978].

It is expected that IDA will resolve many of these problems especially in the area of timeliness and accuracy, but training can only be resolved by some activity being delegated the responsibility for training throughout the various stages of system implementation.

3. The recurring reason that 22 percent of the activities on the system were not passing the production report to the departments was that it was too complicated and did not array the data in the format required. This particular area of concern appears to be symptomatic of a more critical problem that evolves as management information systems become more complex and more important to the Navy manager. This problem, or opportunity, is that individuality among managers will always create different informational requirements. On top of this reality is the fact that as the DOD budget tightens and higher

levels of management require more in depth financial information, the system must be dynamic enough to meet those needs [Ein-Dor, 1978]. Therefore, it is evident that the planners did not take into account this inherent peculiarity of MIS systems. There are numerous financial accounting reports that have been developed by FMSO where higher authority has the prerogative of dictating what format reports will have and what information will be forwarded up the chain of command. MIS systems, like the funds control reports, are strictly used at the dictates of the local command.

Exhibits 18 through 20 provide three illustrations of what is being used instead of the UMR's Commanding Officer's Summary Report. By comparing this to exhibit 21 it can be seen that there is a wide difference in the requirements of each Commanding Officer. Therefore, the challenge of the Navy's Central Design Agencies (CDA) is to meet the MIS needs of tomorrow's managers. The answer most likely can be found in the newest features being developed in data base management software systems. The end result should not be another static report but a software package that will provide managers with the option of formatting their own unique requirements on an as-required basis while still using a uniform data base and software program.

4. During the survey, it was noted (as previously discussed) that the UMR C and D were too complicated for departments to use and were not in a usable format. The author feels that there is a viable option already available in the

UMR system, the Responsibility Center Funds Control Report. Since this report already displays aggregate data by LMC, it would be relatively easy to split the report by departments and distribute it to cost centers. The format of this report is basically straight forward and would require very little time for the department or division director to learn to read it.

B. IMPLEMENTATION

1. Funds Control Reports

Phase I, which was the implementation of the funds control reports of the Uniform Management Report System, can be easily classified as a failure as a Management Information System (MIS) and/or a funds control report. It clearly does not meet the definition of MIS in the sense of being used [Eindor, 1978]. As is shown in exhibit 15, only four activities out of the sample of 27 are currently using the two top management reports (e.g., Commanding Officer's Summary Report and the Responsibility Center Funds Control Report). Unfortunately, from the research conducted during this survey, it appears that the problem could well be that there are absolutely no implementation instructions, either formal as in a Navy notice or instruction, or informal as in Navy professional magazines.

It appears that in 1975 when Phase I occurred that the means of implementation was to have the Fleet Material Support Office (FMSO) release the computer programs to the various UADPS-SP activities along with the technical program instructions.

These technical instructions did not include any type of user information that was distributed to the various management levels within the surveyed activities. Thus, it was completely up to the comptroller department at each activity to take the reports and develop and implement them as each activity saw fit.

After the implementation and installation phase was completed, the next step should have been to move into a control phase. In this step the implementors, FMSO, should have ensured that the system was producing the types of information that was compatible with the users' needs [Ein-Dor, 1978]. If this had been accomplished properly, then the survey would not have uncovered the continuing questions concerning file integrity. The inability of the user to feel secure with the reports breakdown of labor charges and undistributed disbursements not only points to the lack of proper implementation control, but further indicates that there was a lack of a comprehensive user's instructions. Once again this particular point is highlighted by the omission of the funds control reports from the NAVCOMPT Notice 7200 of Oct 1976 which directed the implementation of the UMR system on a Navy-wide basis. In June 1978, a "user's instruction" was completed by a student at the Naval Postgraduate School who developed the manual as a part of his thesis. Although it has been noted that this thesis did not provide an in-depth illustrative manual on using the UMR System, it nevertheless provided a basis, if not the means, for development of a complete user's manual. When

completed, this manual would then have become a means of providing field activities with a comprehensive background on what types of reports were available and what categories of financial and production data were displayed in the various reports.

As discussed in the planning section of this chapter, the inability of the system to meet two major goals of any financial program: timeliness and accuracy, has denigrated the Commanding Officer's Summary Report and the Responsibility Funds Control Report to the point where they essentially are of little value in providing information to be used on a daily or very short range period of time. Even though all indications are that IDA, when fully implemented, will minimize the problems of timeliness and accuracy, there will still continue to be a requirement to provide a user's manual that will cover the UMR System or the probability remains that the funds control reports will remain in disuse. Finally, the lack of the Responsibility Center Funds Control Report in the IDA options will most likely create the final demise of this unique report. Unlike the Commanding Officer's Summary Report, which is included in the IDA options and thus will be available on a real time basis, the Responsibility Center Funds Control Report will only be available on a scheduled basis, most likely weekly.

The third report in the series, the Department/Division Detail Transaction Ledger, probably presents one of the most

confusing situations of the entire survey. The report was specifically designed for use at the cost center level. It is at this level that the financial clerk is interested in tracking individual requisitions from their beginning input into the financial system until they are completed and filed for historical reference. But even with this tracking need the report was distributed to the department by only 22 percent of the sample respondents on the system. Although the survey schedule did not provide for answering the "why" to the distribution situation, there was a perceived attitude of the respondents that the less provided the department, the better. Additionally, it is considered an important fact that there was a similar transaction ledger report before the UMR system was implemented. It was used strictly by the comptroller department and, that without specific instructions to distribute the new report to departments, it was just natural to continue to use the report as before.

2. Production Reports

Phase II, which was the implementation of the production reports of the UMR System, got off to a better start with the release of a 20 page notice promulgating a fairly detailed analysis of what the UMR System's production reports would consist of in terms of format and options. Even though Phase II is implemented and running with all activities on the system receiving one of the production reports, there is still a great need for information on just what the system can do for the

user. Based on general findings of the survey, activities were trained in the use of the UMR on an erratic and limited basis. Although at least three of the 27 activities surveyed and using the production reports had an organized implementation period, the author's personal experience of being involved during the implementation of the system at a major stock point most probably approximates the majority of field activities. A recent telephone conversation with a Department Director that was also present at the same time confirmed that the implementation consisted solely of passing out the UMR A without instructions and stating that if there were any questions that the user should contact the comptroller's office for details. From that point on it was strictly a learn by experience training session. This type of implementation is far from satisfactory and most likely was a cause of frustration for personnel utilizing the system and in some cases caused the report to become of little use.

It was found that in the case of NAVSUP activities all management levels within the five commands which were a part of the survey actively used the report, but it was the author's opinion that this high level of utilization was due primarily to the fact that NAVSUP uses the report as its means of establishing a budgetary ceiling for each of its activities. AIRPAC also had 100 percent utilization of the UMR C, but each activity was utilizing it in a different manner and to widely varying degrees.

The seven activities utilizing the UMR D were provided with a brief description of the UMR C and in each case the budget director responded with interest in this "new" report. During an on-site visit with an air station it was discovered that the activity had just implemented the UMR System. The three senior managers of the comptroller department stated that the late implementation was due to lack of knowledge concerning the system. The author's experience with these eight activities just confirms the opinion that there is insufficient or a lack of information and training on the total UMR System.

The survey indicates that the information available in the production reports meets the needs of the budget division. Less than seven percent of the sample had any strong opinions concerning the lack of needed information in the reports.

C. GROWTH

This section will not portend to draw conclusive evidence for or against the capability of the UMR system to grow, but will point out a few areas of concern. The Department of Health, Education and Welfare had ten primary areas of concern when they began development of their administrative accounting and grants awards system. Although all ten areas could apply to a Navy financial program, two areas in particular apply to the concept of growth.

--Flexibility for individual agencies to add their own software modules to those of the standard system to meet any unique requirements;

--A dynamic system capable of being changed quickly to meet new requirements of management, the Congress and central agencies. [9:50]

Three stock point budget directors made it very plain that it was not easy to get changes made in the UMR system. Although the cause is unknown, these three survey respondents have concluded that whether it's a technical programming problem, not enough personnel to accomplish all the work, or various other management priorities, the system is not being corrected quickly. On the third anniversary of the UMR, the debugging of the Commanding Officer's Summary Report at one AAA was not completed; thus, providing another example of change at its slowest.

The second area of concern is the program's internal capability for growth. This area surfaced during one interview when the respondent stated that his activity now had a requirement for a third digit in the expense element category in order to provide a more precise breakdown which was caused by the new financial realignment of "base operations". The question, therefore, is whether the UMR System's program has enough extra digits for internal growth as it relates to enlarged data field requirements.

The technical questions relating to availability of extra digits could be quickly obtained by consulting with a systems analyst. But the true relevance of this particular discussion is more applicable to future projects. Projects like the Integrated Disbursing and Accounting - Uniform Resource

Management System (IDA-URMS), which are now being designed must be built with maximum flexibility and growth capabilities. In this way managers can be better assured that tomorrow's requirements will not cause an immediate and expensive degradation of the system.

EXHIBIT 18

NC4(0021) .SSC
DATE:

MEMORANDUM

From: Comptroller
To: Distribution List

Subj: Status of Operating Target for Period Ending

<u>Office or Dept.</u>	<u>Code</u>	<u>Authorized</u>	<u>Committed</u>	<u>Balance</u>	<u>Last ODC#</u>	<u>Last Report</u>
Dean Info & Pol Sci	05					
Dean of Sci & Engr	06					
A.S.W. Curr	331					
Admin Sci Dept	54					
E.W. Acad Group	73					
Human Resources	008					
Human Goals						
Provost	01					
Director of Proas(03/301)						
Dean of Acad Admin	014					
Arro Engr	31					
Elec & Comm Engr	32					
Weapons Engr	33					
Naval Engr	34					
Environmental Sci	35					
Admin Sci	36					
Computer Tech	37					
Nav Intell	38					
Meteorology	63					
Elect Engr	62					
Mathematics	53					
Grad Educ Civ Inst	031					
Operations Res	55					
N.S.A. Dept	56					
Aeronautics	67					
Mechanical Engr	69					
Physics & Chem	61					
Continuing Educ	500					
Aviation Safety	034					
Oceanography	68					
Library	0142					
Computer Center	0141					
Machine Facility	0308					
OP/SA	30					
Comut Textbooks						
EMD Audio	036					
EMD Print Plant						
Comptroller						

NC4 (0021)/ssc
DATE:

Subj: Status of Operating Target for Period Ending

Office or Dept.	Code	Authorized	Committed	Balance	Last ODC#	Last Target
Academic Tours	031					
Civilian Personnel	004					
CJ Academic	74					
A.S.W. Academic Grp.	71					
Supply Operations	42					
Enl Dining Fac						
Computer Sci Dept	52					
Safety Officer	005					
C 3 Curr	39					
Public Works						
I.A	43					
I.J						
K1						
N1						
P1						
K1						
Miss.						
Superintendent's Aide	001					
Director of Admin	41					
Security Officer	415					
BcQ	416					
Staff Judge Adv.	041					
Chaplain	46					
COM (Open)	45					
Recruitment	417					
Civilian Univer.						
Compt C/P Tuition Crs.						
Compt Collector (Lab)						

EXHIBIT 19

24 JULY 1979

COMMANDING OFFICER'S STATUS REPORT30 JUNE 1979

<u>STATION DIRECT LABOR</u>	<u>PLAN</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
CURRENT MONTH ONLY	\$ 964,000	\$ 904,658	\$ 59,342
YEAR TO DATE TOTAL	8,675,250	8,568,764	106,486
<u>SUPPLIES AND CONTRACTS</u>			
YEAR TO DATE STA/PW OPS	5,284,200	5,380,899	(96,699)
YEAR TO DATE MRP	1,400,550	1,407,029	(6,479)
TOTAL STATION OPERATIONS	\$15,360,000	\$15,356,692	\$ 3,308
TRAVEL AUTHORITY	96,750	92,852	3,808
B/P 01 AIRCRAFT FLIGHT OPS	\$46,600	\$25,090	\$21,510
<u>FLIGHT HOURS</u>			
B/P 50 AIRCRAFT MAINT	\$483,900	\$478,490	\$ 5,410
OPERATIONAL MAINT	62,100	59,570	2,530
AIMD SHIPS	125,000	110,250	14,750
AIMD SUPPLY SUPT	57,570	68,200	(10,630)
GSE SUPT	94,200	99,320	(5,120)
FLEET LEVEL MAINT	27,070	31,450	(4,380)
INRL SUPT	32,080	27,770	4,310
ENTERPRISE BEACH DET	60,000	60,810	(810)
PPE EXPENDED BINS	25,880	21,120	4,760
<u>STOCK FUNDS</u>			
FUEL & RELATED ITEMS #38	\$6,240,110	\$6,038,200	\$201,910
CLOTHING & SUBSISTENCE #18	150,720	110,310	31,410
NSF RETAIL SUPPLIES #28	17,172,780	15,609,730	1,563,050
AERO SPARE PARTS #34	2,732,730	2,084,010	648,720

Exhibit 20

FY 1979 BUDGET EXECUTION PLAN
(15 JULY 1979 UPDATE)

NAVSUP FUNDS AUTH	<u>45,585.0</u>
LABOR PLAN	
LABOR	31,450.0
OVERTIME	1,080.0
TERMINAL LV	<u>350.0</u>
	32,880.0
NON-LABOR OPTARS	
FACILITY OPS	4,491.8
FACILITY MAINT	2,054.6
COMPTROLLER	1,925.1
DEPARTMENTS	<u>3,753.1</u>
	12,224.6
NON-LABOR OTHER	
TRAVEL	116.0
TRAINING	78.1
REIMB	<u>286.3</u>
	<u>480.4</u>
	<u>45,585.0</u>

BUDGET EXECUTION
(6/30/79)

ITEM	PLAN	OBLIG	BAL	% OBLIG <u>(TARG 67-75%)</u>
LABOR	31,450.0	20,992.0	10,458.0	67%
OVERTIME	1,080.0	716.9	363.1	66%
*TERM LV	350.0	317.5	32.5	91%
NON-LABOR OPTARS	12,224.6	8,836.5	3,388.1	72%
*TRAVEL	116.0	104.6	11.4	90%
*TRAINING	78.1	78.1	0	100%

* ANTICIPATE REPROGRAM RQMT

REPROGRAMMING RQMTS BASED
ON CURRENT PLAN 7/15/79

<u>ITEM</u>	<u>PLAN</u>	<u>PROJECTED PQMT</u>	<u>=</u>	<u>RECOMMEND</u> *
TERM LV	350.0	400.0		(50.0)
TRAVEL	116.0	140.0		(24.0)
TRAINING	78.1	95.0		<u>(16.9)</u>
TOTAL				(90.9)

* REPROGRAM FROM OVERTIME PLAN

UNRESOLVED

ADDIT RQMTS SUMMARY

A. INCLUDED IN EXECUTION PLAN

ADP 4800 INSTALLATION SUMMARY 60K

PERM CHANGE OF STATION 93K

B. EXCLUDED FROM EXECUTION PLAN
(DEFERRED TO END OF YEAR OR FY80)

FACILITIES OPERATIONS TO BE DEVELOPED

FACILITIES MAINTENANCE "

DEPT BUDGETS/OPTAR "

IDA INQUIRY SYSTEM
C. O. SUMMARY REPORT

FILE DATE 00079261

FUND ADMIN- 70240 APPN- 1791804.6330 OB NR-

		DIRECT	Non-Labor	REIMBURSABLE	
		Labor		Labor	Non-Labor
Auth Beg of Period		3565		20	48195
Chgs this Period		3565		20	-48195
Auth Avail to-Date		3406211		49796	253
Gross Obl to-Date		-3406211		-31194	-253
Unobl Bal to-Date					
Unf Rqns to-Date					
Net Avail to-Date					
Annual Obl Plan					
Obl as % of Plan					
Undistr Distr					
Reimb Unfilled				19219	48195
Reimb Billed				65	65
Reimb Collected				1666	1666
Reimb Earned				49916	49916

V. RECOMMENDATIONS

A. GENERAL

The objective of this thesis was to identify through the eyes of system users any real and/or perceived problem areas, if they existed, in the planning; implementation; information availability and utilization; and program growth of the UMR System. In this way, it was hoped that this review would allow high level management to gain a better understanding of what actually happened with one major program, and through the identification of problem areas enable them to remedy beforehand any major problems in the systems being installed now and in the future.

Because this research effort was from the perspective of the user, the research does not include data that might be available through NAVCOMPT personnel or CDA personnel involved in the design of the UMR System. Therefore, all recommendations are based strictly on the data that was available at the 39 field activities. The reasoning behind not including input from either NAVCOMPT or NAVSUP, the CDA, was to provide a picture, as unbiased as feasible, from the point of view of the field activity that is finally asked to utilize the program.

Therefore, based solely on the survey results presented in Chapter III and discussed in Chapter IV, the following recommendations are provided:

1. THAT THE CDA BE GIVEN THE RESPONSIBILITY FOR THE TOTAL SYSTEM DESIGN, IMPLEMENTATION, TRAINING, AND POST-IMPLEMENTATION REVIEW.

This would provide for a comprehensive plan to ensure that the program is in fact utilized by those activities for which it was designed. It is felt that the continuity that can be obtained through one activity assuming total program implementation is essential if the system is to meet its goals. The four major responsibilities listed above are all equally important. In the case of the UMR system, the survey findings indicate that only the design phase was brought to any sense of fruition. From the view of user activities, the implementation of the system appears to have been minimal. If there had been a more effective implementation phase then the probability of one AAA still not being able to produce the Commanding Officer's Summary Report would have been zero. Between successful implementation and training phases, the lack of knowledge and understanding of the capabilities of the total system could be reduced. Finally, post implementation review is necessary if the CDA and NAVCOMPT are going to be able to determine program successes and failures. This final phase will provide the feedback required to make appropriate adjustments in the first three phases on future programs. Learning from past efforts and the use of a corporate memory process is essential to enable future improvements.

2. THAT THE IMPLEMENTATION AND TRAINING PHASE BE A FORMAL PROCEDURE.

At a minimum these two phases should include:

a. A brief outline (as opposed to prose) pertaining to the goals of the system. Likewise, there should be an outline of what the system will not be able to do. First, the author believes that the average worker does not have time to spend reading massive amounts of "verbage"; therefore, a short outline is considered to be better in getting the point across.

The survey finding has led the author to believe that disillusionment over the UMR system was created because the reports were (1) not reducing memorandum records; (2) reports were not being distributed to the user's desk in a timely manner; thus, denigrating its use as a current monitoring tool; and (3) the data in the reports were inaccurate due to both technical programming problems; plus, the continuing delays created through the methods used for transmitting expenditure data. These three fundamental problems have slowly caused the demise of the UMR's usefulness at some activities who expected much more from the system. While at a few activities who had learned of the UMR during a structured training period and where management was interested in utilizing the system, it was found that techniques for utilizing the various reports as a management tool were in existence.

b. A user's manual for the manager and the financial analyst or supply clerk who is expected to utilize

the reports or system. Not only should this manual provide techniques for utilization but it should provide the "big picture" as to just what management options are available. In the case of the UMR system, this would have definitely been of use for those activities that were utilizing the UMR D who became interested in the UMR C when it was explained by the author. Additionally, the Commanding Officer's Summary Report and the Responsibility Center Funds Control Report would have received some publicity and possibly would have been used by more activities. A user's manual could have easily provided the field activity with a better understanding of the reports and how departments could use the reports in monitoring their funds.

c. There needs to be a formalized training program developed for each new financial system. For the UMR system, this could have been done by having the CDA train representatives from each of the AAA's. These AAA representatives could then return to their respective activities and hold training sessions for representatives from each of that AAA's dependent activities. These field activity representatives could likewise return to their activities and train department personnel. No doubt, there are other possibilities, but the point is that there should be formalized training on every new program.

3. THAT NAVCOMPT IN CONJUNCTION WITH THE CDAs UTILIZE INSTITUTES OF HIGHER EDUCATION AND RESEARCH, BOTH PRIVATE AND

PUBLIC, TO HELP CARRY OUT POST IMPLEMENTATION REVIEWS AND USER
MANUAL DEVELOPMENT.

For instance, the research on this thesis cost the government approximately \$400 in travel expenses. The author's conservative estimation is that either a post implementation review or the development of a user's manual should, in most cases, not exceed \$1000 if researched by NPS students. The payback from this small investment is probably significant.

In the case of the NPS student, an example of one source, are formally scheduled to spend 144 class hours on thesis research while extra hours are available due to minimum outside study requirements for other classes. A conservative estimation is that a student would have, at a minimum, about 45 days available for research and writing.

4. THAT NAVCOMPT UPDATE AND PUBLISH REFERENCE 5,
THE UMR USER'S MANUAL, FOR DISTRIBUTION TO ALL HOLDERS OF
NAVSO P3006-1.

The author has concluded that the knowledge of the funds control reports and the practicality of their use could be alleviated by publishing this manual. More importantly, written information on the system would substantially increase the UMR's utilization. Specifically, this conclusion is substantiated by the positive responses of budget directors to information provided on both the funds control reports and production report options.

5. THAT, IF AT ALL POSSIBLE, IDA BE PROGRAMMED TO PRODUCE THE RESPONSIBILITY CENTER FUNDS CONTROL REPORT ON A REAL TIME BASIS VIA THE USE OF THE CRT.

Without this capability, this report will not be up-to-date and thus will not be used as a funds control report. A recurring theme throughout the survey was the point that a funds control report, to be of any value, had to reflect an accurate and timely status on spending.

B. FUTURE THESIS TOPICS

During the research on this thesis, a number of related topics were found that the author has concluded would be excellent topics for future thesis research. They are:

1. IDA-URMS
2. NETFMS program compared to the IDA program
3. NETFMS program compared to IDA-URMS
4. Are the AAA's meeting their goals and those that their customers have set for the AAA.
5. What are Naval hospitals doing in the area of funds control and automated accounting.
6. What NAVFAC activities are doing in the area of funds control and automated accounting.

APPENDIX A

Glossary

APPROPRIATION - A part of an Appropriation Act providing a specified amount of funds to be used for designated purposes. Appropriations are divided into budget activities and further divided into subactivities, programs, projects and elements of expense.

AUTHORIZATIONS - The authority to incur commitments, obligations and/or expenditures.

AUTHORIZATION ACCOUNTING ACTIVITY (AAA) - An activity designated by the Comptroller of the Navy to perform accounting for another shore activity.

BUDGET - A plan of operations for a fiscal period in terms of (a) estimated costs, obligations, and expenditures; (b) source of funds for financing including anticipated reimbursements and other resources; and (c) history and workload data for the projected programs and activities.

BUDGET CLASSIFICATION CODE (BCC) - The BCC is a two digit code that reflects the primary breakouts of financial data in budgeting, management, and accounting for funds under the Operation and Maintenance, and Military Appropriations. Under RMS for Operations, budgets, expenses and obligations are accumulated by BCC.

BUDGET YEAR - The year following the current fiscal year, and for which the budget estimate is prepared. For example, if the current fiscal year is Fiscal Year 1977, the budget year would be Fiscal Year 1978.

BUDGET LINE ITEM - Budget line items are combinations of RMS cost accounts, which describe an organization in terms of discrete functions.

COMMITMENT - A firm administrative reservation of funds based upon firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds. The effect of entering into a commitment and the recording of that commitment on the records of the allotment is to reserve funds for future obligations. A commitment is subject to cancellation by the approving authority if it is not already obligated. Commitments are not required under O&M appropriations.

CONSIGNMENTS - A Consignment for material to be delivered from a stock fund inventory, except for all material consignments applicable to reimbursable orders meeting the criteria of an obligation and recorded as an undelivered order. Consignments do not obligate the requester's funds until the material has been dropped from the supply system's inventory.

COST ACCOUNT - Accounts established to classify transactions by cost, according to the purpose of the transactions. Cost account codes are used to identify uniformly the contents of management reports.

COST CENTER - A cost center is a subdivision of a field activity or a Responsibility Center. An individual cost center is a group of homogeneous service functions, processes, machines, product lines, professional and/or technical skills, etc. It is an organizational entity for which identification of costs is desired and which is amenable to cost control through one responsible supervisor.

DISBURSEMENTS - In budgetary usage, gross disbursements represent the amount of checks issued, cash, or other payments made less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided. (See also "OUTLAYS".)

EARNED-HOURS - Earned Hours is a DIMES concept utilized in determining total standard man-hours for accomplishing a unit of work (work unit). Earned-hours equal work units accomplished times standard man-hours per work unit.

EXPENDITURE - A charge against available funds. It is evidenced by voucher, claim, or other document approved by competent authority. Expenditure represents the actual payment of funds.

EXPENSES - Costs of operation and maintenance of activities on the accrual basis over time, as distinguished from costs of acquisition of property.

EXPENSE ELEMENT - An expense element identifies the type of resource being consumed in the functional/subfunctional category or program element. These are listed and defined by DoD Directive. (See Appendix C.)

EXECUTION - The operation of carrying out a program as contained in the approved budget. Often referred to as "Budget Execution".

FUNCTIONAL/SUBFUNCTIONAL CATEGORY (F/SFC) - Functional and subfunctional categories of programs have been developed for the accounting system to identify why resources are being consumed. Such categories represent a grouping of operations or tasks related to the performance of a particular function.

GENERAL LEDGER - The general ledger is the book of accounts in which all accounting entries are ultimately summarized. It is maintained by an Authorization Accounting Activity for each Operating Budget holder. It is designed so that summary reports of all financial transactions can be readily prepared for management.

INVESTMENTS - The costs associated with the acquisition of equipment costing more than \$1,000 per unit, and expected to benefit more than one project. Items of equipment procured for the purpose of a specific project are excluded regardless of acquisition costs.

JOB ORDER - (1) A formal instruction to perform certain work according to specifications, estimates, etc. (2) Descriptive of a cost system whereby costs are accumulated by job orders.

LOCAL MANAGEMENT CODE (LMC) - The LMC is a four digit alphanumeric code which provides local managers with a means to code and identify their respective organization levels (Appendix B).

MAJOR CLAIMANT/SUBCLAIMANT - A major claimant is a bureau/office/command/Headquarters, Marine Corps which is designated as an administering office under the Operation and Maintenance appropriations in NAVCOMPT Manual, Volume 2, Chapter 2. Navy major claimants receive operating budgets directly from the Chief of Naval Operations Fiscal Management Division (OP-92). Subclaimants are bureaus/offices/commands designated as administering offices which receive a subclaimant operating budget from a major claimant.

NEW OBLIGATIONAL AUTHORITY (NOA) - Authority to incur obligations becoming newly available for a given year, authorized by current and prior actions of the Congress.

OBLIGATIONAL AUTHORITY - (1) An authorization by Act of Congress to procure goods and services within a specified amount by appropriation or other authorization. (2) The administrative extension of such authority, as by apportionment or funding. (3) The amount of authority so granted.

OBLIGATION - A duty to make a future payment of money. The duty is incurred as soon as an order is placed, or a contract is awarded for the delivery of goods and the performance of services. It is not necessary that goods actually be delivered, or services actually be performed, before the obligation is created; neither is it necessary that a bill, or invoice, be received first. The placement of an order is sufficient. An obligation legally encumbers a specified sum of money which will require outlay(s) or expenditure(s) in the future.

OPERATING BUDGET (OPBUD) (OB) - An operating budget is the annual budget of an activity stated in terms of Budget Classification Code, functional/subfunctional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the mission including reimbursable work or services for others. It also includes estimates of workload in terms of total work units identified by cost accounts.

OPTAR - An operating target (OPTAR) is an amount of money subject to administrative control issued to a level below the responsibility center, such as, to department, to division and/or to branch. OPTARS may be issued for material and other only, for labor only or for both labor and material and other combined.

REIMBURSABLE EXPENDITURE - An expenditure made for another agency, fund, or appropriation, or for a private individual, firm or corporation, which subsequently will be recovered.

REIMBURSABLE OBLIGATIONAL AUTHORITY (ROA) - Authority to incur obligations against funds made available by others. This authority is limited to the amount authorized in reimbursable order (section 3679, R.S. applied separately to each reimbursable order accepted).

REIMBURSEMENTS - Amounts received by an activity for the cost of material, work, or services furnished to others, for credit to an appropriation or other fund account.

RESOURCES MANAGEMENT SYSTEM (RMS) - RMS is Department of Defense developed system to improve management by relating the financing of an activity to the total cost of the task or mission assigned and recognizing and recording costs against the budget at the time they occur.

RESPONSIBILITY CENTER - The Department of Defense definition of a responsibility center is "an organization unit headed by an officer or supervisor who is responsible for the management of resources in the unit, and who in most instances, can significantly influence the expenses incurred in the unit". The Navy application of the DOD definition is that a responsibility center, as used in the Department of the Navy, is normally an activity listed in the Standard Navy Distribution List. However, there are situations where it may be either be necessary or desirable to establish more than one responsibility center in an activity or to combine several activities into one responsibility center. Commandants of Naval Districts will normally have at least two responsibility centers - one for

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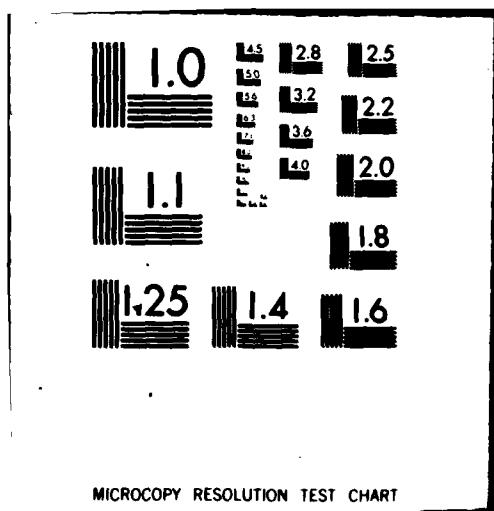
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the Headquarters operations and one for the operation of the Naval reserve centers. Several activities would be combined in one responsibility center when the individual activities are considered small enough to justify the combination or when operational requirements make the combination necessary.

"SEED" FUND - A fund established to finance a cycle of operations to which reimbursements and collections are returned for reuse in a manner that will maintain the principal of the fund; e.g., "working capital funds," "industrial fund," stock fund.

TOTAL GROSS OBLIGATIONS - Total current year expenses plus unliquidated undelivered orders less military services applied.

TOTAL OBLIGATIONAL AUTHORITY (TOA) - TOA is the total amount of funds for programming in a given year, regardless of the year the funds are appropriated, obligated or expended. TOA includes new obligational authority, unprogrammed or reprogrammed obligational authority from prior years, reimbursements not used for replacement of inventory in kind, advance funding for programs to be financed in the future, and unobligated balances transferred from other appropriations.

UNDELIVERED ORDERS - An undelivered order is any document, meeting the criteria of an obligation, issued for material or services that has not as yet been received by the activity that ordered it. Includes material requisitions applicable to reimbursable orders issued for material to be delivered from

a stock funded inventory, and purchase orders issued which cite annual appropriations, and overhead materials requisitions issued by modified industrial activities whose operations are principally financed by reimbursable orders.

UNDISTRIBUTED DISBURSEMENTS - A disbursement received which does not match the Appropriation, Subhead, Bureau Control Number of OB number and AAA of the activity to which registered by the paying office.

UNFILLED ORDER - An unfilled order is any document issued for goods or services, which meets the criteria of an obligation, yet has not been received.

UNIT IDENTIFICATION CODE (UIC) - The UIC is a basic classification device whereby cost information is related to a program. A UIC is a five digit number used to identify bureaus and system commands, major claimants, type commanders, field activities, ships, squadrons, and other organizational entities.

WORK MEASUREMENT - The process of establishing performance standards in terms of hours per work unit. Some of the principal techniques used are: stopwatch observations, synthesis of predetermined standards; work sampling; and statistical inference from historical data. The principal purpose of the

standards is to compare the work performed with the manhours expended. Such information may be used for personnel planning, work scheduling, budget justification and cost control.

WORK UNIT - Work units are measures of output that express volume of work; conversely, manhours and dollars are measures of input required to produce work units or perform work.

APPENDIX B

Major Claimants

BUMED	Bureau of Medicine
CINCLANTFLT	Commander in Chief, Atlantic Fleet
CINCPACFLT	Commander in Chief, Pacific Fleet
CNET	Chief Naval Education and Training
CNO	Chief of Naval Operations
CNR	Chief of the Naval Reserve
NAVAIRLANT	Naval Airforce Atlantic Fleet
NAVAIRPAC	Naval Airforce Pacific Fleet
NAVTELCOM	Naval Communications Command
NAVSECGRU	Naval Security Group
NAVSUP	Naval Supply Systems Command
SUBLANT	Submarine Forces, Atlantic

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